

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Friday October 19 1984

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No. 29,452

French economy comes down to earth with a bump, Page 18

Asia	S\$ 18	Indonesia	Rp 2500	Portugal	Esc 80
Bahamas	DM 12.50	Japan	Y 1200	S. Africa	Rand 6 00
Bahrain	Dh 30	Korea	W 250	Singapore	S\$ 4 10
Canada	C\$ 0.90	Malaysia	RM 1.00	Spain	Ptas 160
Ceylon	C\$ 80	Philippines	Ph 50	Switzerland	Sfr 1.50
Denmark	Dkr 7.25	Saudi Arabia	Ri 2.00	Taiwan	Nt 50
France	FF 6.50	South Africa	Rand 6 00	West Germany	DM 2.20
Germany	DM 2.20	Thailand	Th 50	Yemen	Y 200
Greece	Dr 200	U.A.E.	Dh 6.50		
Hong Kong	Hk\$ 12	U.S.A.	\$ 1.00		
India	Rs 15				

NEWS SUMMARY

GENERAL

Mondale narrows Reagan's poll lead

Walter Mondale, Democratic presidential challenger, narrowed President Ronald Reagan's opinion poll lead to 12 percentage points in the latest Washington Post/ABC News survey.

The result, confirming the trend of other polls over the past 10 days, came as both candidates took time off to prepare for the second and final round of televised debate on Sunday.

The latest poll showed that while Mr Mondale had improved his overall popularity and leadership image, he had made no significant gains on specific issues, such as the budget deficit, social security or Mr Reagan's age. Page 7.

Economics Nobel

British economist Sir Richard Stone, 71, a former assistant to John Maynard Keynes, won the 1984 Nobel prize for economics for work in developing accounting systems to keep track of national economies. Profile, Page 20.

Award for Gromyko

Veteran Soviet Foreign Minister Andrei Gromyko was awarded his seventh Order of Lenin, the country's top decoration, by President Konstantin Chernenko.

Greens expelled

Two members of the West German Greens party were ejected from the Bundestag after one suggested that Chancellor Helmut Kohl had accepted bribes and the other directed an obscene insult at the deputy speaker.

Shipbuilders strike

Basque shipyard workers, supported by regional road and rail transport unions, held a one-day strike in the second week of protest against planned layoffs in Spain's shipbuilding industry. Background, Page 3.

Iranians 'repulsed'

Iraq said it repulsed an Iranian attack in the central sector of the Gulf war, inflicting heavy casualties, but observers expected Iran to launch a long-awaited offensive further south, where large-scale troop movements have been reported.

Beagle protocol

Argentina and Chile moved towards an end to their century-old dispute over the Beagle Channel by signing a Vatican-mediated protocol saying they had agreed the text of a treaty. Page 7. Meanwhile riot police came on to the pitch to quell a brawl after an Argentine football team beat a Chilean side 1-0 in the Meriton Cup in Singapore.

Booker Prize won

The £15,000 (\$17,850) Booker Prize, Britain's most valuable literary award, has been won by art historian Anita Brookner, 46, for her novel *Hotel Du Lac*.

Schoolboys seized

Czechoslovak guards fired warning shots at a group of Austrian schoolboys and seized 10 of them when they strayed over the border. The boys were released after four hours.

Milan airport strike

Air traffic controllers at Milan's Linate airport plan a 12-hour strike from 8 am today over staff shortages.

Wordpower

Japanese shipbuilding company Hitachi Zosen is testing a voice-controlled steering system for ships, using a voice-recognition microchip.

BUSINESS

Wall Street jumps 29.49

WALL STREET-Dow Jones industrial average closed 29.49 up at 1,235.38. Section III

STERLING weakened in London to another all-time closing low of \$1.1875, a fall of 1.3 cents. It also dropped to DM 3.705 (DM 3.745). FF 11.34 (FF 11.4525), SwFr 3.03 (SwFr 3.07) and Y295.5 (Y298.75). Its trade-weighted index was down 0.9 at 74.3. In New York it closed at \$1.188. Page 43.

DOLLAR showed mixed changes in London, finishing slightly higher at DM 3.122 (DM 3.121) and FF 9.5825 (FF 9.545). It was unchanged at SwFr 2.5535 and eased to Y248.95 (Y249.1). Its trade-weighted index rose to 143.8 from 143.7. In New York it closed at DM 3.0975, FF 9.4890, SwFr 2.5385 and Y248.33. Page 43.

TOKYO blue chips were neglected but the Nikkei-Dow market average managed a 17-point rise to 10,759.87. Section III

LONDON equities curbed their slide but the FT Industrial Ordinary index was still 4.2 lower at 334.5. Section III

FRANKFURT bourse drew buyers for shares and government bonds. The Commerzbank index added 5.8 to 1,082.2. Section III

GOLD was unchanged on the London bullion market at \$340.25. It was slightly lower in Frankfurt at \$339.75 and in Zurich at \$340. In New York the Comex October settlement was \$340.60. Page 42.

U.S. MONEY SUPPLY: M1 fell \$2.9bn to \$345.8bn in the week ended October 8.

APPLE, U.S. personal computer manufacturer, increased its earnings 50% in the fourth quarter to \$30.8m, compared with \$5.1m in the corresponding 1983 period, but still finished the year with lower net profits of \$54.1m against \$78.7m. Page 21.

KRUPP and KLÖCKNER, two leading German steel producers, are about to finalise negotiations aimed at merging their steel interests, according to reports in the industry. The companies declined to confirm or deny speculation, but informed steel industry experts believe a deal might be struck before the end of the month.

LLOYDS BANK OF THE UK is to unify its worldwide operations by merging Lloyds Bank International into the group. Page 21. Details, Page 25.

CHUBB & SON, Britain's largest security group, succumbed to a £170m (\$200m) takeover bid from Rasco Electronics, UK defence and communications company. Page 21.

CHINA plans to spend \$8bn yuan (\$30bn) on modernising its telephone system over the next five years. Page 4.

DOW CHEMICALS continued its rapid profits recovery with third-quarter net income rising 78 per cent to \$176m. Page 21.

RENAULT, French state-owned car group, is in talks with three Japanese components companies - all linked to Toyota - on possible supply deals, joint ventures or exchanges of knowhow. Page 29.

GREYSON, GRANT, one of London's largest stockbroking firms, said planned changes in Britain's financial markets might lead to a price war and excessive playing of the market by primary dealers in UK government securities. Page 20. Conference report, Page 12.

We apologise for an abnormal number of misprints in this edition because of industrial action by members of the National Graphical Association in the London proof-reading department.

BANKERS TERM DECISION 'ARBITRARY'

Eurobonds may be cancelled after U.S. tax ruling

BY PETER MONTAGNON AND MARY ANN SIEGHART IN LONDON

A BITTER row about U.S. taxation policy has broken out in the Eurobond market less than a week before the U.S. Treasury is scheduled to launch a special \$2bn series of securities aimed at European investors.

In a ruling described by senior Eurobond bankers as arbitrary, the U.S. Treasury has imposed a 30 per cent withholding tax on about ten issues of bonds completed by a range of prestigious U.S. corporations in the period June 22 to July 18.

If unrevoked, the ruling means that the issues affected which include bonds from names such as McDonald's, the fast food chain, Beatrice Foods, Sears Roebuck and General Electric may have to be cancelled as the cost of withholding tax would make the borrowing prohibitively expensive.

But bankers said the ruling had already soured the atmosphere for next week's Treasury issue in Europe. "Europeans will be 10 or 20 times more cautious in dealing with U.S. Treasury securities," said Mr Hans-Joerg Rudloff, deputy chairman of Credit Suisse First Boston, a leading Eurobond house.

Other bankers went further, saying that the Treasury issue was "dead" as a result of the ruling. "It shows the U.S. cannot handle their own affairs," a banker said.

Bankers and the companies involved were seeking urgent clarification of the ruling yesterday in an effort to have it changed. The imposition of withholding tax covers a period of transition last summer when the U.S. was in the process of lifting the tax on bonds sold abroad.

"It goes far beyond what people thought the rules were," said Mr Leslie Samuels, partner in the international law firm of Cleary, Gottlieb, Steen and Hamilton. At the time the bonds were launched bankers claim to have had assurances that they would not be subject to withholding tax.

Even senior U.S. Treasury officials were shaken by the issue, claiming that the ruling by the Internal Revenue Service had been made without proper consultation with policymaking tax experts.

One official said the timing of the ruling was "unfortunate," agreeing that it could upset a next week's Treasury issue.

Many investment houses are under strong political pressure to support the issue, which is the first such offering the U.S. has made abroad. However, some, particularly Swiss banks, have been lukewarm about a Treasury certification requirement that the bonds are not being sold on to U.S. citizens.

Italy is likely to begin to levy taxes on income from future issues of state securities held by businesses, Treasury Minister Sig. Giovanni Goria said last night in Milan. AP-DJ reports. Individuals holding the bearer securities would continue to be exempt from tax.

Lex, Page 20; Eurobonds, Page 44.

Oil price war starts as Nigeria undercuts UK

BY DOMINIC LAWSON AND PATTI WALDMEIR IN LONDON

NIGERIA last night cut the price of its premium Bonny light crude by \$2 a barrel, taking it below the \$28.85 fixed less than 48 hours earlier by the British National Oil Corporation for comparable North Sea oil.

The move, made by a country which has recently been a loyal observer of pricing policies advocated by the Organisation of Petroleum Exporting Countries (Opec) marking the start of a price war between the oil-producing nations.

Nigeria's decision was officially announced in Lagos soon after Opec had said there would be a meeting of Opec ministers in Geneva on October 29.

Mr Tam David-West, Nigerian Oil Minister, said Nigeria had no choice but to cut its prices after Wednesday's decision by BNOC to cut \$1.35 a barrel of most of its oil prices.

Replying to questions, the minister said Nigeria had contacted Sheikh Ahmed Zaki Yamani, Saudi Arabian oil minister, and other Opec members on Wednesday to inform them that Nigeria was considering such a cut, but that no details had yet been communicated to Opec.

Mr David-West, who has frequently emphasised Nigeria's solidarity with Opec since taking over as Oil Minister after the military coup that President Shehu Shagari, said that while Nigeria was prepared to honour its commitments to Opec and did not wish to provoke a price-cutting war "in a market as highly competitive as this, failure to take appropriate action will immediately lead to us losing our customers."

Nigeria had avoided taking precipitate action up to this point, "but there is a limit to such sacrifice."

Nigeria's economy has been severely affected by a drop in oil revenues in the past two years, and production has recently failed to reach the goal of 1.6m barrels a day (b/d) set by Nigeria because of weakness in demand. Nigeria's peak oil production was 2.4m b/d.

The minister said that Nigeria and Britain had operated what he called a "hot line" to inform each other of decisions on oil pricing policy, and that Nigeria had been informed of BNOC's price reduction on Wednesday. Nigeria had in turn communicated its own decision, taken by the leaders of the country's military government, to Mr Peter Walker, Britain's Energy Minister, last night.

The new prices of the other grades of Nigerian crude are as follows: Forcados blend drops to \$27.50 from \$28; Brass blend down to \$28; Pennington light to \$27.90; Escravos light to \$27.90; and Qua Iboe light to \$27.95. Bonny medium has been cut by only \$1 to \$27.

Nigeria's move is likely to lead to similar price cuts by its competing African Opec producers, Algeria and Libya.

Mexico, the Soviet Union and Egypt, which are outside Opec, are thought to be the countries most likely to respond with similar cuts in their own official prices.

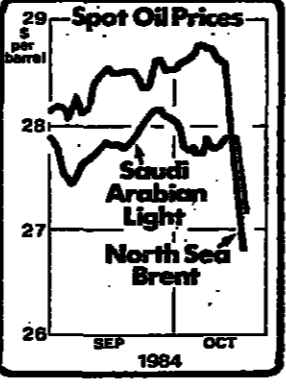
Last night's developments came at the end of a day in which prices on world oil spot markets fell sharply. A November shipment of Brent oil from the North Sea was said to have been traded at \$28 a barrel - much below the new official BNOC price.

Announcing the proposed meeting of Opec ministers in Geneva on October 29, the Opec secretariat warned that "any downward spiral in oil prices would have far-reaching and adverse effects on the world economy."

It appeared that the Geneva meeting would seek to resolve the crisis by temporarily reducing the Opec production ceiling of 17.5m barrels a day, but any such plan may now have to be reviewed in the light of Nigeria's price cuts.

The fall in spot prices were sparked mainly by fears of what Nigeria and other national oil producers might do.

Commodities, Page 42; Lex, Page 20.



£ falls again, putting rates under pressure

BY PHILIP STEPHENS IN LONDON

STERLING SUFFERED another day of heavy losses against other leading currencies yesterday, falling on one stage to its lowest level ever amid concern over oil prices and the UK miners' strike.

The pound's fall fuelled speculation that base lending rates might have to rise if the slide continued, although London's financial markets recovered partly as sterling gained some respite from a temporary weakening of the dollar.

Money market interest rates, which surged in early trading, fell back slightly towards the end of the day but were still at levels which would imply a rise in base rates.

Sterling, hit by fears of a round of oil prices cutting and the possibility of a total shutdown of the British coalfields, lost ground against all other currencies.

The sterling index closed in London at 74.3, down 0.9 from Wednesday. Earlier it had matched the record low of 74.2 last seen during the sterling crisis of 1976.

The pound fell by 1.3 cents against the dollar, to \$1.1875 and by 4 pence against the D-Mark, to 3.705.

Foreign exchange dealers forecast that the currency would remain vulnerable to further weakness, partly because of the apparent reluctance of the authorities to increase interest rates to defend it.

The Bank of England gave no clue yesterday to its intentions, but has emphasised in recent weeks that the domestic monetary outlook points to a fall rather than a rise in base rates.

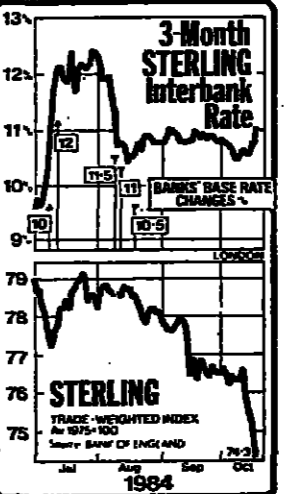
Mr Nigel Lawson, Chancellor of the Exchequer, also gave no indication in his speech last night that the Government would raise rates in response to sterling's slump.

Figures published by the Bank of England yesterday show that sterling M3, the most closely watched guide to the money supply, has grown by an annual 18.1 per cent since February. But the authorities are confident it will soon fall back to within its 8 to 10 per cent target range.

The UK Government may therefore hope that if it can ride out the present storm financial markets may bounce back. The leading banks also seem unlikely to push for an immediate rise in base rates while the markets are so volatile.

On foreign exchange markets, the dollar closed in London at DM3.1220, up fractionally from Wednesday, after rumours - later Continued on Page 20

Lex: UK Chancellor's speech, Page 20; Market reports, Section III; Money markets, Page 43.



Spain may face EEC fishing ban after joining Community

BY QUENTIN PEEL IN BRUSSELS

THE FIVE leading fishing nations of the European Community are backing a tough plan that would effectively exclude Spain from EEC fishing waters after it is supposed to join the Community in 1986.

The proposal would amount to the extended postponement of any integration of Spain into the EEC in one important area of common interest and, if it gains the support of other member states, might set a precedent for other difficult areas of the negotiations for Spanish accession currently under way.

Several EEC members have serious reservations about the fishing plan, however, despite its support by Britain, France, West Germany, Denmark and Ireland.

The proposal, which emerged from a high-level meeting of national fishery officials in Brussels last week, would involve fixing a largely theoretical delay of 10 years before Spain can join the existing Common Fisheries Policy (CFP). The transition period would then be open to renegotiation after the first eight years.

The deal would include both carrot and stick: if the renegotiation succeeded, Spain would gain fishing access to EEC waters before the end of the 10-year period. If it failed, however, the plan would provide for the transition period to be extended to 15 years, coinciding with the full life of the CFP to the end of the year 2000.

The proposal, drawn up by national officials in Brussels last week, after failure earlier to agree on a European Commission plan for negotiated licensing agreements, appears to be no less restrictive to the Spanish fleet than the earlier deal rejected by Spain in May.

Then, a plan for a renewable 10-year transition period was ruled out by Madrid as "utterly unacceptable."

The latest proposal is still opposed by several member states, with the Netherlands in particular arguing that it is unreasonably harsh towards the Spanish fishing industry. A Dutch official has proposed a shorter transition period of nine years, after which a new CFP structure integrating the Spanish fleet would be negotiated.

No final proposal is likely to be agreed before next week, when the next round of negotiations between the EEC members, Spain and Portugal are to take place. Agreement of the five main fishing nations is the best achieved for any proposal to date, but if a qualified majority in favour cannot be achieved, then Britain and Ireland are both prepared to fall back on the Commission's licensing plan.

The fear of the EEC states is that the huge Spanish fleet, some 17,000 strong and likely to total 70 per cent of the EEC total, would simply force the existing fleets out of business and deplete EEC fishing grounds.

The only way the Commission can sugar the pill is to offer grants to Spanish fishermen to leave the industry.

The Commission this week approved spending of Ecu 28.5m (\$20m) from the 1985 budget as pre-accession aid to be spent on restructuring the Spanish fleet.

U.S. trade deficit: why the 'world should be grateful'...

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EUROPEAN NEWS

France to tap state sector for extra budget finance

BY PAUL BETTS IN PARIS

THE French Socialist Government is to ask profitable state industrial groups to contribute extra funds to help finance shortfalls in the 1985 budget. These companies were already due to contribute FFr 2bn (£174m) in dividends to the state. Now the Government wants them to pay FFr 900m more on this year's earnings. This follows the Government's decision to drop taxes on local authorities which would have contributed FFr 3bn to next year's budget. The Government withdrew the tax because of intense opposition from deputies, including members of its own Socialist Party. To compensate for shortfall, the Government has resorted to a series of measures, including higher taxes on heavy fuels, extending the 1 per cent special social security levy on certain revenues and, most spectacularly, increasing the dividend payments of state industries. It is also considering a special levy on domestic oil and gas production. This would raise FFr 1bn and mainly hit the state Elf-Aquitaine oil group, which would be likely to contribute about FFr 800m. Elf is the largest domestic producer as a result of its large Lacq gas field in the southwest. The other main target would be Esso, the French subsidiary of the U.S. Exxon group, which is the largest crude oil producer in France. The proposal to increase the dividend payments of state groups would involve, among others, the CEG electronics group, Rhone Poulenc, the nationalised chemicals company, and Pechiney, the aluminium group, both of which have returned to profits, Saint-Gobain, and, inevitably, Elf-Aquitaine. The idea is likely to cause consternation in the state sector. Indeed, second half results for many of them could well be lower because of the slowdown in their respective sectors or, as in the case of Elf, the recent decline in oil prices.

East bloc renews troop offer

By Patrick Blum in Vienna

THE Warsaw Pact renewed its offer yesterday for a preliminary withdrawal of one contingent each of U.S. and Soviet troops from Central Europe as a first step to help unlock the Vienna negotiations on reducing conventional forces in Europe. Herr Andre Wiesel, head of the East German delegation, said at the plenary meeting of the talks, that "consent by the West to taking such a step would signal a major readiness to achieve results in Vienna." This would involve the withdrawal of 12,000 U.S. and 20,000 Soviet troops. The idea was first mooted by the Warsaw Pact in February last year. This also outlined follow-up measures, including the freezing of forces on both sides before a final agreement could be signed.

Outline accord reached on reviving WEU

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

SENIOR OFFICIALS from the seven countries of the Western European Union have reached broad agreement on ways of reviving the organisation as a forum for strengthening European defence within Nato. Their recommendations, which include an enhanced role for the ministerial council and for the indirectly elected parliamentary assembly, are expected to be adopted by the foreign and defence ministers of the WEU when they meet in Rome next week to mark the organisation's 30th anniversary. The working group of senior officials was set up by an extraordinary meeting of WEU foreign ministers held in Paris last June. The ministers then decided in principle that the WEU should be relaunched, but asked officials to recommend how. Their officials' report, the result of a series of meetings in London which were concluded this week, is believed to recommend that WEU foreign ministers should meet at least twice a year while the permanent council in London should meet at least once a month at ambassadorial level. The officials are also believed to suggest that the role of the assembly could be strengthened, while more controversially, they have discussed expanding the functions of the committees of the WEU which deal with arms control and with armaments co-operation. It seems clear that the discussions of both ministers and ambassadors would be expected to cover a wide range of European defence and security matters, from perceptions of the Soviet threat to relations with the U.S. The WEU was founded in 1948 by Britain, France and the Benelux countries, and was expanded in 1954 to include West Germany and Italy. Through modification for much of the past 30 years, it actually binds its members more tightly than Nato to their common defence, and is the only

organisation specifically charged to deal with European defence matters. Its foreign ministers agreed in general terms in June—and can be expected to reiterate in Rome—that European states must take measures to strengthen their own defence within the Nato alliance. Whatever their differences on detail, the ministers obviously see the WEU as a useful tool to this end. However, the revival of the

However, divergent approaches remain, particularly over what should happen to the WEU's Arms Control Agency, originally set up to control German post-war armaments, and the Standing Armaments Committee, whose function was to encourage collaborative arms production.

Britain and the Netherlands want to see all arms co-operation channelled through the Independent European Programme Group or the Eurogroup, which are effectively Nato bodies. They do not appear particularly receptive to suggestions from other members that the Arms Control Agency should now be used to help formulate European positions on the wider range of arms control issues.

There are also differences apparently on how far defence ministers, as opposed to foreign ministers, should be involved institutionally in the WEU revival.

North Sea fish quota talks start with Norway

By Fleming Dahl in Oslo

NORWAY AND the European Community began negotiations here yesterday on North Sea fishing quotas, with herring expected to be the most difficult category. Norwegian Fishery Ministry officials said it was unlikely that any agreement would be reached in Oslo this week. But they were optimistic about reaching accord on the quotas at further talks expected to be held in Brussels on Thursday and Friday of next week.

Last year, the International Council for Exploration of the Seas (ICES) advised that total quotas of about 95,000 tonnes of herring be distributed to the EEC and Norway this year, but the parties were unable to reach agreement and this year's herring fishing is taking place without quotas being distributed.

For next year, the ICES has advised that between 166,000 and 250,000 tonnes of herring quotas be shared between the two.

Commission prescribes how rebates are to be spent

BY QUENTIN FEEL IN BRUSSELS

THE EUROPEAN Commission yesterday announced its formal approval for the release of some Ecu 1.2bn (£720m) in long-overdue budget refunds for Britain and West Germany, and split out a list of more than 50 transport, energy and job creation projects on which the money is to be spent. Some 90 per cent of the money is to be paid within the next few days, following the decision by the European Parliament last week to unblock it, and now that the confirming

signature has been given by the three European Commissioners concerned. The British share of some Ecu 900m (£537m) will go on 25 different transport projects, 14 energy schemes, and a variety of employment programmes. The biggest single share is of more than £50m a contribution towards the cost of London's M25 orbital motorway. A further £43.5m will go towards roadworks on the A5/55 in Wales at Hawarden,

Colwyn and Bangor, while other important transport schemes include £22.2m on railway signalling systems at East Croydon and Balham, £20.5m on the M3 motorway between Popham and Bar End, and £10.3m on the M5 at Tiverton. The energy schemes include £41.1m on a cross-Channel electricity link to connect the British and French electricity grids; £41.7m on the Drax coal-fired power station; and £33.4m on the Heysham II nuclear power station.

The special employment measure will absorb some £163m towards the job release scheme in Britain and Northern Ireland, which offers additional job opportunities for the unemployed by subsidising the early retirement of older workers. All the projects were submitted by the UK and West German Governments to comply with the stipulations of the budget rebates should be tied to specific projects in these three areas of concern, and were approved by a committee of member states in July. The remaining 10 per cent of the rebate will only be paid once spot checks have been carried out by the Commission to ensure that the projects all comply with the regulations. In overall budgetary terms, the net return to Britain amounts to only Ecu 750m (£450m), once Britain's own contribution to the payments has been deducted.

W. Germany pays dearly to cut sulphur pollution

BY JOHN DAVIES IN FRANKFURT

WEST GERMANY, which is becoming increasingly sensitive about environmental protection, is investing heavily to cut sulphur emissions from coal-fired power stations. Engineering contractors stand to gain lucrative orders over the next few years as power station operators comply with stringent anti-pollution regulations brought in by the Federal Government last year. In major deals just finalised, Deutsche Babcock has pulled in new orders for desulphurisation plants for Steag and RWE, two large energy undertakings. It will supply plants for four Steag power stations with an option on a further one as well as providing a plant for a new RWE power station. Although Babcock declined to disclose the value of the orders they are estimated in the industry to be worth about DM 500m (£154m). Electricity undertakings in West Germany are expected to spend between DM 10bn and DM 15bn on desulphurisation plants for power stations over the next four years. The publicly-owned power 80 per cent of the country's station operators, which meet electricity needs, have decided to equip most of their coal-fired power stations with desulphurisation plants by 1988 and to close down the others by 1993. The project has one big drawback—the cost of anti-pollution equipment is expected to put up the price of electricity especially in heavily industrialised areas using a lot of coal in power stations.

EEC enlargement high on Craxi agenda in London

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT

THE FUTURE development of the European Community, particularly its enlargement and bilateral industrial co-operation projects in the field of aircraft production and telecommunications are among the most important issues due to be discussed at the two-day Anglo-Italian summit which began in London yesterday.

Mrs Margaret Thatcher, the Prime Minister, who had her first test-a-tete meeting with Sig Bettino Craxi, the Italian Premier, last night is anxious to

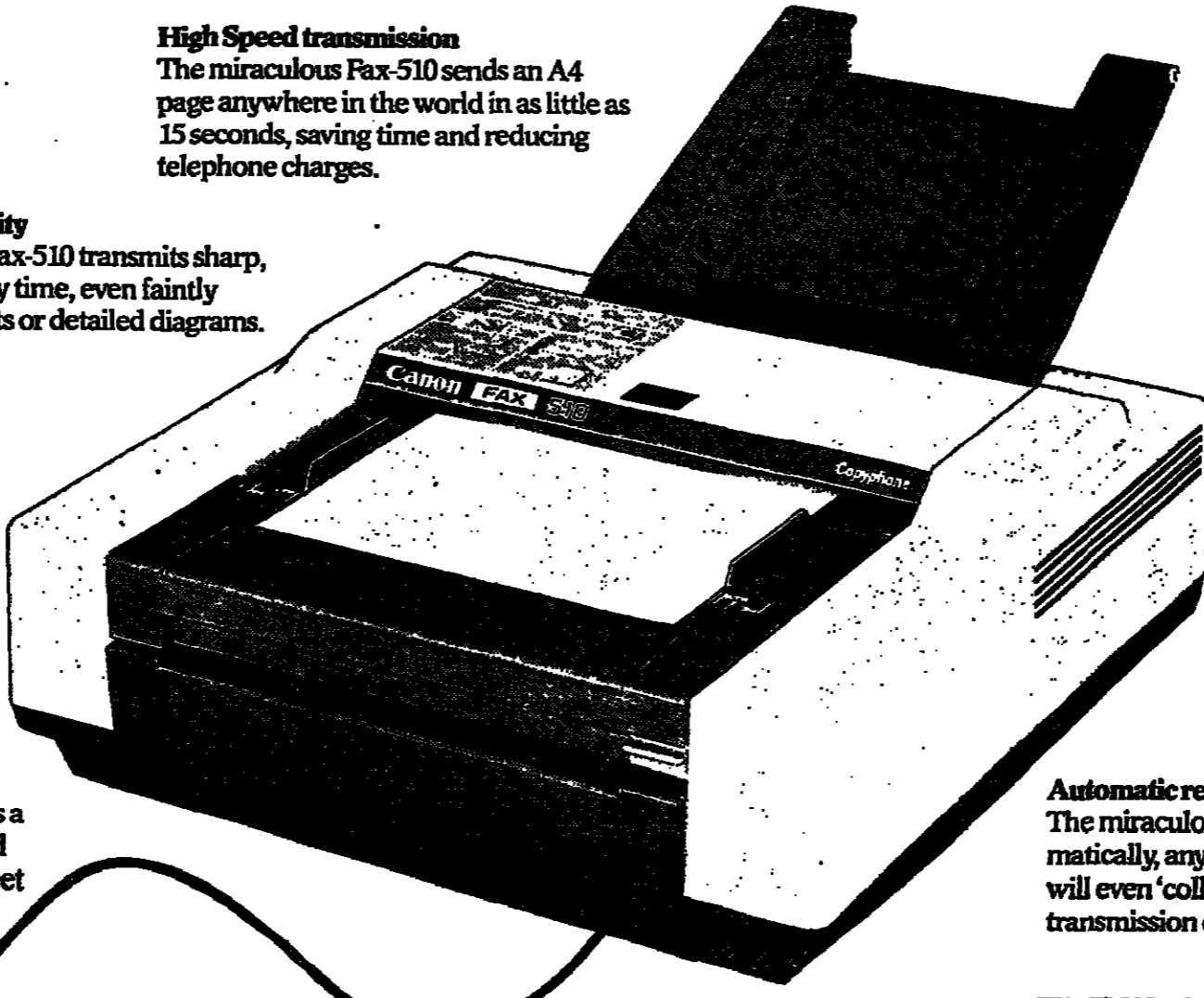
hear from her visitor how Italy, which takes over the presidency of the EEC for six months at the beginning of next year, intends to organise the Community's work programme. Now that the immediate issue of Britain's budgetary rebate is out of the way, the UK Government is anxious to exploit the resulting improvement in relations with its partners by giving a new impetus to policies which have tended to be frozen while the budget debate went on.

Sir Geoffrey Howe, the Foreign Secretary, who will be participating in the talks together with his Italian opposite number, Sig Giulio Andreotti, made clear what the British priorities were in a speech in Bonn on Wednesday night. Apart from the ever-present problem of reducing the proportion of Community funds spent on agriculture and reforming the EEC's finances as a whole, the British Government is anxious to break down the barriers—most of them of a non-tariff type—which will prevent

the creation of a genuine common market in goods and services. Not least, Mrs Thatcher and Sir Geoffrey will try to impress upon their Italian visitors the urgent need to speed up the negotiations for the entry on Spain and Portugal into the Community. The Italians have the same political objective as their EEC partners to complete these negotiations by the end of the year, thus allowing the two applicants to join on January 1, 1986.

However, Italy's special interest in safeguarding its market for Mediterranean products such as wine and olive oil is one of the main obstacles still blocking an agreement with Spain. On the bilateral front, the Italians appear to be particularly anxious to extend their industrial and military co-operation with Britain to offset what they consider to be the growing threat of Franco-German co-operation.

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EUROPEAN NEWS

U.S. boom casts mixed blessings on Europe

By Jonathan Carr in Frankfurt
THE WORLD should be tremendously grateful to the U.S. for running such a huge trade deficit, said Mr Rimmer de Vries, of New York, senior vice president of Morgan Guaranty Trust, with more than a hint of challenge in his voice.

Mexico and Venezuela, in any case, would easily cover the deficit this year with the surplus on their trade in goods and non-interest services.

Protectionism

It took another U.S. participant, Mr Robert Lawrence, Senior Fellow of the Brookings Institute, to sound a warning. Rimmer has given even a lot of the good news the Europeans prepared for a future at least characterised by a marked slackening of U.S. demand, if not necessarily by the "bumpy landing" for the U.S. economy and its currency which pessimists foresaw? Not at all well—if the comments by both U.S. and European participants at the gathering are anything to go by.

Competitiveness

Participants voiced longer-term concerns about Europe's economic prospects, too. The conference, organised by the Brussels-based Centre for European Policy Studies (CEPS), had been called above all to examine U.S. and European competitiveness. Inevitably much debate centred on immediate issues like the U.S. trade deficit and interest rates. But there was talk, too, of "Euroclerosis"—the inability to adapt to the challenges from the U.S. and the Far East.

To dismal nods, a European economist told a friend who had a new invention on the U.S. market with official approval in a few weeks at a cost of \$2,000—but who found that in Europe approval would take more than a year, with costs of more than \$200,000.

The economist pointed out that while \$200,000 was not a lot to IBM, Siemens or Philips, it was a huge burden to those young entrepreneurs in the "high-tech" field on which Europe's economic future greatly depended.

A senior representative of Philips hastily stressed that \$200,000 was a lot to his company, too. What particularly bothered him was international currency fluctuation which made investment decisions hair-raising.

Spanish shipyard resists that sinking feeling

EL FERROL, on the weather-beaten Northwestern corner of Spain, is famous for two things: General Franco, the late dictator, who was born there, and ships. At the Astano shipyard, just outside the town, sections of a 143,000-tonne bulk carrier lie waiting to be assembled. The bridge section, put together like a giant toy, is already complete, down to the last detail you would expect to find on a ship: a billiard table.

But nobody is working on the vessel. The huge gantry crane, visible to anyone entering the town and symbol of the Astano company, stands idle. Groups of workers stroll with their sandwiches between the pieces of a ship. No 265, that is destined never to be built.

No 264 was never begun and No 263, which was delivered to her owner in July last year, will be the last ship constructed in Astano under the plans put forward by INI, the Spanish state industrial group.

The plans, approved by a Government commission in Madrid, will cut Spain's big state shipyards from five to three and remove 17,000 out of 40,000 jobs from the industry.

The cuts are among the most drastic in the restructuring of European shipbuilding and have been provoking violent protests all along Spain's Northern coast. At El Ferrol, where Astano is set to lose more than 3,400 jobs, 60 per cent of its

workforce, they spell disaster. The town of 90,000 people, previously called El Ferrol del Caudillo in Franco's honour before the Socialists and Communists won control of the council and changed the name, is almost entirely dependent on the Bazan naval base and the shipyard for jobs. Bazan employs 6,000.

The shipbuilding business goes back to the 18th century. Astano, built up with private capital by the Cortuna-based Pastor banking group in the early Franco years, specialised from the 1960s in the construction of supertankers of up to 350,000 tonnes.

At one stage, on the strength of its order book for mGulf and Texaco, it was employing 9,000 people including casuals. More recently, it had pinned hopes on a new methane-carrier, which it pioneered.

Astano and the shipyard at Puerto Real, near Cadiz, which was being built just as the 1973 oil crisis struck, are the only facilities in Spain with large-ship capacity.

Under the plan, El Ferrol will keep only its industrial section, devoted these days to activities such as heavy machinery repairs. This section occupies the original shipyard site and the current shipbuilding area, developed on reclaimed land, will be shut down.

The Left-wing unions, whose trade union tradition dates from the days when English workers

were hired for the naval yards, are determined to fight the closure. The Communist union, Comisiones Obreras, has struck an alliance with the radical Galician regionalist labour organisation, the INTG, and a broad platform has been formed including the conservatives, who hold power in the Galician

ing ventures appear unlikely to dispel the anger. INTG leaders are already planning a one-day general strike next month aimed at paralysing the whole of Galicia. The protest movement has built up over more than a year, ever since Astano and three of the smaller shipyards at Vigo in the same region saw their future openly threatened.

It is ancient and absurdly located right in the city. In the case of Astano, unions and the regional government see the decision as a purely political one, penalising the remote Galicians in order to propitiate the troublesome Basques and preserve Socialist support in the far South. At the same time, they contend that Madrid is over-reacting to the shipbuilding crisis and that Spain, which in the early 1970s was in the top rank of shipbuilding countries, should maintain capacity so as not to leave the benefits of a market recovery to the Japanese and South Koreans. The third and final stage of negotiations on restructuring—now narrowed down to plans for each individual yard—promises to be bitter. Details of the proposals were put to works committees last week. Another three weeks are left for talks, after which the final plans go to the Madrid Government. The climate at El Ferrol shows how the "reconversion" of problem industries is emerging not only as a major financial burden for the Spanish Administration but also as a serious aggravation of its regional dilemma. For the most forceful opposition to Socialist Government in Spain is to be found in the country's northern industrial regions, not in the Parliament in Madrid.

West German motor industry tries to recover strike losses

CAR ASSEMBLY plants in West Germany are continuing to work in top gear, as they try to catch up on some of the production lost during the seven-week metalworkers' strike in May and June. But even so, output since the beginning of this year is lagging behind last year. An average of 17,700 cars rolled off the assembly lines every working day last month, 5 per cent more than the daily output in September last year. The total of 553,900 cars produced was less than the 370,540 of September last year only because the month had two fewer working days. In the first nine months of this year, West German plants have turned out 2,67m cars, 7.2 per cent fewer than a year ago. By contrast, production had been running ahead of last year until the labour conflict over shorter working hours crippled nearly all motor vehicle assembly in the country. Car exports have been picking up again sturdily as manufacturers seek to take advantage of better markets abroad, especially in the U.S. A total of 183,300 cars were exported last month, slightly

more than in September last year and an increase of as much as 12 per cent per working day. But since the beginning of the year, car exports are still lagging 4 per cent at 1,52m. Commercial vehicle output is still languishing in the face of weak markets abroad, although the Automobile Industry Association sees signs of a revival in domestic orders. Only 181,700 trucks and other commercial vehicles have left the assembly lines so far this year, 11 per cent fewer than a year ago. Last month 23,600 were produced, compared with 24,600 in September last year. Exports of commercial vehicles so far this year are down 11 per cent on last year at 109,300. The strike setback has come after three years of steady recovery in car output, which reached 3.88m last year—still below the 3.93m peak of 1979 and the second-best output of 3.89m in 1978. Output of commercial vehicles has been falling steadily since 1980. It slipped below the 300,000 level last year, 18 per cent less than the 1980 peak production of 357,600.

Bismarck's star rises in the East

By Leslie Collett in Berlin
Count Otto von Bismarck, the Iron Chancellor who united Germany in 1871, is staging a remarkable comeback in East Germany which, after 1945, expunged his name from the signs on hundreds of streets and squares.

His resurrection follows the recent rehabilitation of Martin Luther and the return of a statue of King Frederick the Great to East Berlin's Unter den Linden boulevard. With the blessing of the Communist party, East German television is producing a three-part series in which the "iron and blood" Chancellor plays a central role.

Scheduled for showing next February, the series deals with Bismarck's and his Socialist opponent, August Bebel, who helped create the Social Democratic Party. The film was made possible because of the party's continuing review of German history with the aim of discovering "progressive" traits in previously maligned historical figures.

While Bismarck is still attacked for his anti-socialist laws, he is praised for his "realism in cultivating ties with Tsarist Russia. This, in turn, was used by East Germany's top ideologist, Herr Kurt Hager, as an example for West Germany to follow. East Germany's Communist leadership is prepared to overlook inconsistencies or two in its evaluation of Bismarck. Chief among them is that Karl Marx and Friedrich Engels bitterly attacked Bismarck's relationship with Tsarist Russia which they regarded as the most reactionary power in Europe.

Marx and Engels, however, were far from unification of Germany, seeing it as a necessary step for the development of capitalism, and thus the inevitable triumph of socialism. The makers of the TV film, however, were disappointed in their hope to film some sequences in France (Wilhelm I was crowned Emperor of Germany at Versailles), not over-ideological reasons but because of a hard currency shortage.

One stumbling block possibly to be negotiated before the film can be released by the party is that Bismarck is portrayed as a very strong personality, while Bebel comes across as rather colourless. In addition, neighbouring Poland is unlikely to be enamoured of the film, just as it winced when the statue of Frederick the Great, the co-partitioner of Poland, was returned to prominence in East Berlin.

Back-to-school chance for jobless Danes

By Hilary Barnes in Copenhagen
DANES WHO have been continuously unemployed for 18 months are to be offered the opportunity from 1986 to go back to school, to study any subject, for up to 18 months while still receiving full unemployment benefit. The Government expects 10,000 people to be eligible for the scheme. The proposal has created a political furor because those who fail to obtain a job after the study period will lose unemployment benefit and become eligible for welfare benefit—normally a smaller sum.

Some Spanish trade unions believe the Socialist Government has a political motive in the way it plans to restructure the country's once proud shipbuilding industry. They have pledged to try to overturn Madrid's plan to cut a substantial number of jobs and to concentrate the cuts in areas where the party's vote may not be too badly affected, and where regional unrest is less likely to occur.

regional government, and far-left local nationalists to fight the plan. The Socialist union, the UGT, outweighed among non-administrative workers by its Communist rival and viftified for supporting the Madrid Government, has also come out against the plan, arguing for an eventual return to ship construction after an interim period when the company will devote itself to other activities such as building submersible platforms. Schemes to mop up jobs through state-backed engineer-

Since 1978, when Spain belatedly began thinking about restructuring its shipyards, Astano has been losing between \$30m and \$30m a year. No work has been done at the yard since July, and 4,000 employees are currently laid off. Astano's defenders argue however that when it was producing it was one of Spain's most efficient shipyards. The same argument about relative efficiency is used about the other big facility due to be sacrificed—Bilbao's Olaveaga yard—but there, the reasons for the choice are more patent:

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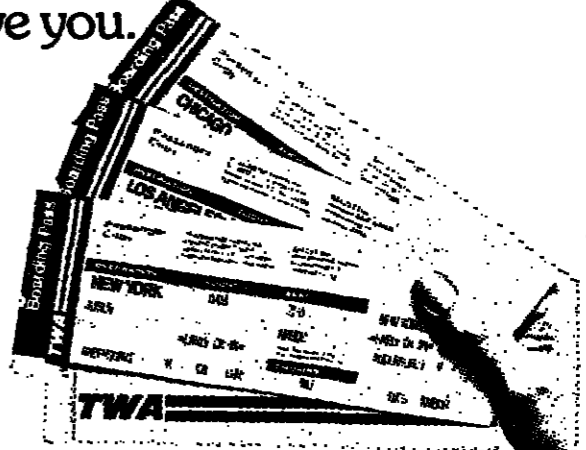
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OVERSEAS NEWS

Ferment of apathy greets Australian poll

BY MICHAEL THOMPSON-NOEL AND CHRISTIAN TYLER IN WOLLONGONG, NEW SOUTH WALES

JOE GALVIN is an ex-sheep shearer and fruit-picker, who has travelled widely in the Australian outback, turning his hand to anything. When broke, he climbed in the ring and boxed for money. In his prime, you would have been silly to cross him.

Shearing, says Joe, was not only back-breaking, but "dirty, stinking work, handling snotty-nosed sheep." Now 63, he sits in The Crown and Anchor, a sombre little pub in Weston Creek, a suburb of Canberra, and discusses the general election that Australians face on December 1.

Joe is drinking beer with a brandy chaser. "Hawke's a lovely man," says Joe. "He's fixed Australia right up to the top. There's plenty of money and plenty of work. When that (bleep!) Fraser (Mr Malcolm Fraser, the former Liberal Prime Minister) went out, he had us right (bleep!). Hawke's done us mighty well. He's a messiah to the country."

At the Bonzer Tavern, in Canberra, Syd Jackson is in exuberant form. He is an Aborigine — a former Aussie rules footballer, and thus a member of an elite, who now works in sports administration. He wears smart casual clothes, and is waving AS100 notes. The tavern is owned by the Aboriginal community. Syd thinks Bob Hawke is

THE HAWKE Labor Government in Australia continues to dominate the polls, and looks set for an easy win in the general election on December 1. Michael Thompson-Noel reports from Sydney.

The latest Morgan Gallup poll in The Bulletin magazine gives Labor 55 per cent, against 37 per cent for the Liberal-National coalition and 5 per cent for the Democrats. Labor has doubled its lead in just three weeks.

Mr Bob Hawke, enjoys an approval rating of 89 per cent, against a record low of 20 per cent for Mr Andrew Peacock, leader of the Liberals.

Experiencing strong recovery and the opposition continues to founder.

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about Hawke. For a man in his position, he has got to be able to prove it. Mind you, I think Hawke... Politics is a dirty game."

Albert Thompson voted Labor 15 years ago, but now votes Liberal. "I think Hawke's a good Prime Minister, but half of them would be wiped out if the truth came out."

Where the Liberals more honest? "I would not say that. The just have not been found out so often."

In the South Pacific Hotel in Cringila, Port Kembla—a steel town south of Sydney — Jack Newlyn nurses a schooner of beer and describes his 26 years in the local steelworks.

Hawke's trying to pull the country out of a mess," says Jack. Could Bob Hawke cure unemployment? "He could do something about it, given another three years. I'll vote for Hawke, because he deserves another try. If Fraser had been in, we'd have been in a worse (bleep) mess."

How about the pay and prices accord between the unions and Labor? "People have to accept the system. They'll mumble over their beer, but they have to accept it."

In nearby Wollongong, another steel town, Andy Gillespie, assistant secretary of the local branch of the Ironworkers' Union, claims that the

election is a non-event. "Peacock has shot his credibility, so Labor will win by a landslide."

He says unemployment in Wollongong is 34 per cent. "Down here, you see a mine close every day. Somebody's going to have to give some assurances. The election issue will be unemployment and jobs. Two or three years ago, there was a mass exodus to Queensland, but people are coming back."

There is pressure for wage increases on the shop floor. There's pressure on the pay accord, no doubt about that. When the volcano blows, it will really blow." Complaining about Mr Hawke's Right-wing stance, he says: "You know what they say: 75 per cent support Hawke, and the other 25 per cent are Labor Party members."

The most trenchant comment on the election was supplied by the gateman at the Tidbinbulla deep space tracking station south of Canberra. From the swivelling of the main telescope and the frantic posse of Government cars sweeping in and out of the gate, it was clear that something important was happening out in the galaxy. "The election?" said the gateman, astonished at the low gravity of the question. "It won't make a bit of difference, mate!"



Iraq claims Iran attack crushed

By Roger Matthews, Middle East Editor

IRAQ CLAIMED yesterday to have crushed three-pronged Iranian offensive on the border almost directly east of the capital Baghdad.

Iran claimed the attack and said that it had been launched to secure hill-top positions and to silence Iraqi artillery which had been bombarding Iranian villages.

A military communiqué from Baghdad said that the attacking forces ran into defences of the Iraqi Second Army which "tore their troops to pieces, forced them to retreat and inflicted very heavy losses."

The Iranian attack, the first in a series, was said to have succeeded in partially capturing the Mainoon Islands further south in February, is likely to set the pattern for the next stage of the Gulf war.

This will probably take the form of relatively small-scale Iranian attacks along the central and northern parts of the border where because of the hilly and sometimes mountainous terrain Iraq's superiority in armor is less effective.

The size and direction of yesterday's attack also lends weight to the assumption that Iran has at least temporarily dropped its plans for a massive "Anfal" offensive for which earlier this year it had massed several hundred thousand men.

The Iranian attack, just to the north of the border town of Mehran, did not appear to have any major strategic objective, and may have been primarily aimed at demonstrating Tehran's determination to continue the conflict.

In the past week, Iraq reinforced its positions further to the south, close to its second largest city Basra.

Columns of armor were seen on the road and Iraqi commanders had said that they were prepared for another large Iranian offensive in the region.

Iran meanwhile claimed that it had beaten off an Iraqi attack north of its port city of Khorramshahr. It claimed that the attacking force had been driven back by artillery fire before a counter-attack was launched which succeeded in taking many Iraqi prisoners.

Iran also announced yesterday that it would release 74 disabled Iraqi prisoners of war. It has previously repatriated nearly 100 men of the estimated 50,000 which it holds. Iraq has returned nearly 400 Iranian prisoners of war.

China plans to spend £25bn to modernise telecommunications

PEKING — China plans to spend yuans 80bn (£25bn) to bring its inadequate telecommunications system up to date by the 1990, a government minister said yesterday.

Yang Taifang, the Post and Telecommunications Minister, was quoted by the official China Daily newspaper as saying the number of telephones in China would increase from just over 5m to more than 35m by the year 2,000.

Much of the advanced technology, Yang said, would be imported. He gave no details.

An important exhibition of telecommunication equipment will be held next month in Peking. Leaders of the industry including AEG Telefunken, BICC, CIT Alcatel and IBM will be represented.

Equipment on display will include radio systems, pagers, networking systems, fibre optic communications systems and microprocessors.

All the equipment has been specially requested by the Chinese for the exhibition.

This display follows closely on a smaller show also held in Peking at the end of October, and other exhibitions will be held in Shanghai and other Chinese cities later this year.

While contracts are not expected to be signed at the exhibitions, companies involved say the Chinese are showing keen interest.

Yang said the improvement scheme would be completed during the country's seventh five-year plan from 1986 to 1990.

One third of the financing for the scheme would be provided by the central government and two-thirds by provincial or local governments, collectives and individual businessmen.

The first stage of the development will increase the number of telephones in China to more than 10m by 1990.

Hong Kong's Legislative Council yesterday endorsed a Chinese-British draft agreement that outlines the conditions under which Hong Kong will become a Special Administrative Region of China after 1997.

The agreement stipulates China will regain sovereignty over Hong Kong in 1997 when a lease on the bulk of the territory expires, but Hong Kong will be allowed to retain its social, economic and legal systems for 50 years after the Chinese takeover.

Agencies

Zimbabwe set for first payments surplus since 1970s

BY TONY HAWKINS IN HARARE

ZIMBABWE will in 1984 have its first overall balance of payments surplus since the mid-1970s, according to the Reserve Bank of Zimbabwe.

In its June quarterly economic bulletin published today, the central bank is significantly more optimistic about the country's external payments position than in previous editions.

But the bank says that the small anticipated surplus will be achieved only through continuing severe import and exchange control restrictions.

Nonetheless, this should still permit the central bank to reduce its short-term standby borrowings.

The bank remains gloomy about the immediate economic outlook, reporting that a sustained upturn in the economy is still "some way off."

The balance of payments will remain under pressure, it says, and a significant reduction in

the inflation rate, currently averaging 17 per cent, is unlikely in the next year.

The central bank estimates that real Gross Domestic Product fell 4.4 per cent in 1982 and a further 4 per cent last year.

Both of these are sharper falls than those estimated previously. It predicts a decline of another 2 per cent in real output this year, despite improved productivity in both agriculture

and mining.

Gains in the primary sector will be more than offset, the bank says by lower output in manufacturing, in the distribution sector, and as a result of a reduced level of public sector spending.

The central banks says Zimbabwe's current account payments deficit narrowed last year to \$2402m (£235m) from \$2852m (£285m) in 1982. But net capital inflows

slumped to \$78m from £198m in 1982.

This left an overall payments deficit of £155m in 1983, but the bank says that this year, lower imports, higher exports and a lower outflow on invisibles account should transform this into a small surplus.

The 1983 deficit was financed by borrowings from the International Monetary Fund and short-term, standby loans totalling £167m.

Citibank's Manila deposits problem still unresolved

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE RESCHEDULING agreement between the Philippines and its main commercial bank creditors in New York this week leaves basically unresolved the problem of the deposits frozen at the Manila branch of Citibank when President Ferdinand Marcos first introduced exchange controls a year ago.

The deposits freeze has been a major source of controversy in international banking circles and is now the subject of legal proceedings in both the Philippines and the U.S. where Wells Fargo, the West Coast bank, has filed suit to force Citibank to repay the money.

Bankers had feared that the controversy might delay any rescheduling agreement, but a committee of leading creditors chaired by Manufacturers Hanover has simply sidestepped the issue in agreeing a package that involves a credit of nearly \$1bn (£350m) as well as the rescheduling of bank loans falling due up to the first quarter of 1986.

Citibank, meanwhile, confirmed yesterday that a gesture of goodwill it is prepared to make an additional loan to the central bank of the Philippines based on the figure of about \$300m in deposits repaid with permission of the Philippines' authorities in April this year.

The loan would be on the same terms as the new money facility being sought by the Philippines which calls on the country's 482 creditor banks to put up new money in an amount of 77 per cent of their exposure outstanding in October last year.

This means Citibank's extra loan will be slightly more than \$300m.

But Citibank said it still considers that both the deposits repaid and the \$300m in deposits which are still frozen represent Philippines sovereign risk. Its Manila branch cannot repay them without the approval of the Philippines authorities.

Bankers believe this situation could still prove a handicap when the rescheduling package is put to all bank creditors.

Those which have deposits in Citibank's Manila branch regard them as Citibank risk and feel the bank should make repayments from its New York Head Office.

Some have said they will not make fresh loans to the Philippines unless the deposits are repaid.

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Aquino inquiry claims bid to discredit findings

BY EMILIA TAGAZA IN MANILA

THE FACT-finding board investigating the assassination of the Philippines opposition leader Mr Benigno Aquino said yesterday that "certain quarters" are trying to discredit the board and its findings.

The board was reacting to a letter it received from one of the civilian witnesses saying he had conspired to assassinate Mr Aquino, the board added.

All the board members agreed that there was a military conspiracy, but the board chairman, Mrs Corason Agrava, a former judge, disagreed that Gen Fabian Ver, the armed forces chief of staff, was involved in the conspiracy.

It will be known this week whether Mrs Agrava will join the four other members in their report naming Gen Ver.

The four members are expected to announce their joint report whether or not Mrs Agrava signs it.

'Durban 3' put conditions for quitting consulate

BY ANTHONY ROBINSON IN JOHANNESBURG

THE THREE anti-Apartheid activists at present in the British Consulate in Durban yesterday set out four conditions under which they would vacate the premises voluntarily.

At simultaneous press conferences run by British Labour MP, Mr Donald Anderson, in London and lawyers representing the three men in Durban, they asked the South African Government to accept one of four conditions.

The first was withdrawal of the detention-without-trial orders imposed on them. Failing that, they asked the Minister for Lad and Order, Mr Louis Le Grange, not to silence them or forbid the lawyers among the detainees from practising.

If the Minister was not prepared to accept those demands, they asked him to provide reasons for their arrest, and those of three other former refugees now in Pietermaritzburg Jail, so as to make a legal case for withdrawal of the detention-without-trial notices imposed on them.

The fourth request was the issue of passports so that the three men could fly to New York to take up an invitation to appear before the UN Anti-Apartheid Committee.

They also called on the British Government to accord them a different status from that of "unwelcome guest." The three men have been occupying the consulate for over a month. There was no immediate comment from the South African Government.

Fatih Waldmeir adds: Mr Anderson, who is the Labour Party's Foreign Affairs spokesman, said on his return from a visit to South Africa during which he met with the three men several times, that he did not believe the British Government would dare to evict them.

Mr Malcolm Rifkind, a Foreign Office Minister, yesterday summoned South Africa's Ambassador, Mr Denis Worrall, to his office to stress Britain's hope that the South African authorities would return four South African businessmen to Britain to stand trial on arms smuggling charges in Coventry next Monday.

Mubarak rules out Iran over Red Sea mines

PRESIDENT HOSNI MUBARAK of Egypt has ruled out Iran as perpetrator of recent explosions in the Red Sea and narrowed down Egyptian suspicions to Libya, according to an interview published yesterday.

President Mubarak also told the Kuwait newspaper Al-Siyassah that Libya will have to bear "crucial consequences" if it launches any new action undermining Egyptian security.

Cairo newspapers carried the text of the interview.

Explosions in the Red Sea and its north-western branch, the Suez Gulf, damaged at least 19 ships since July 9. Egypt initially said it suspected Libya and possibly Iran were responsible. Both denied this.

"All indications point to Libya," President Mubarak told Al-Siyassah, implying that Egypt had circumstantial evidence but still no solid proof.

AP

Lebanon troops and Druze clash

LEBANESE GOVERNMENT troops and Druze militiamen traded artillery barrages in the hills overlooking Beirut yesterday as Lebanon's political factions argued over methods to re-establish peaceful co-existence between the nation's Christians and Moslems.

Most of the overnight fighting raged around the strategic Dahr El-Wahsh hill that commands a vital stretch of the Beirut-Damascus highway.

A police report broadcast by state and privately-owned Beirut radio stations said neither side advanced on the ground during the five-hour battles in the Aley and Souk El-Gharb Bluffs, 10 miles south-east of the capital. There also was no report of casualties.

The flare-up, which was still by a pre-dawn ceasefire, came a day after Druze and Shi'ite Moslem leaders in Prime Minister Rashid Karami's National Coalition Government began a boycott of Cabinet meetings to press for political reforms.

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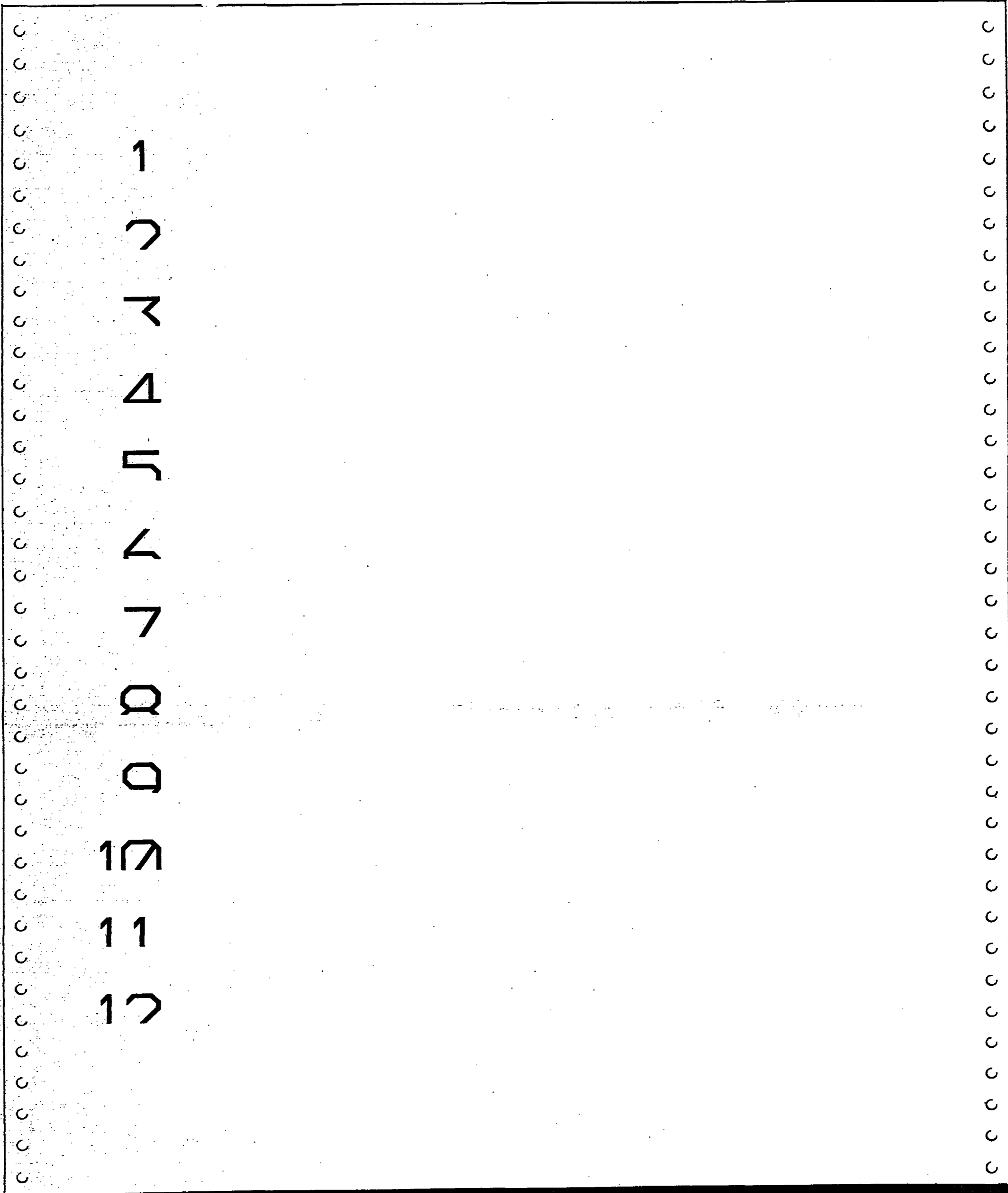
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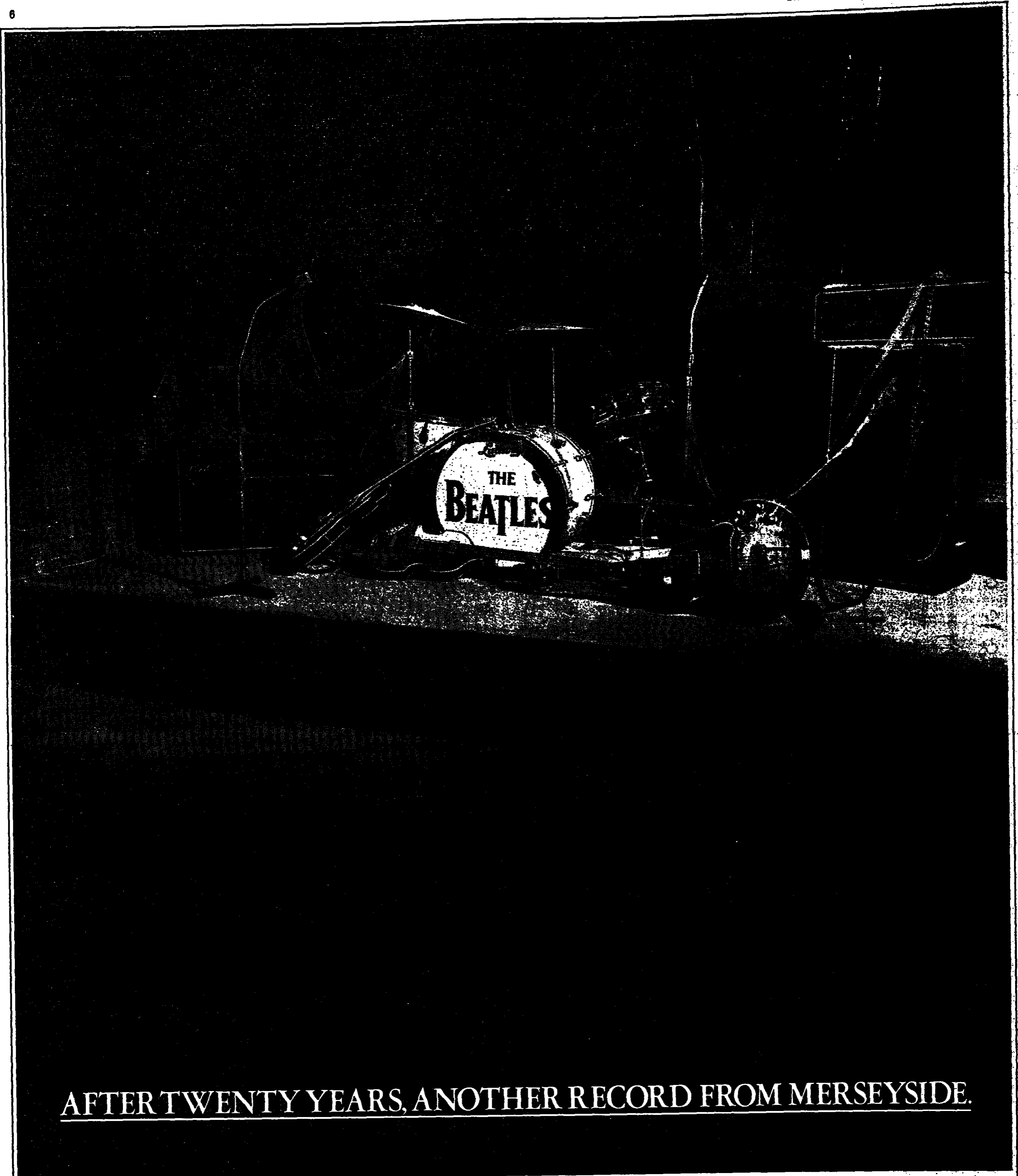


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Poll boosts Mondale hopes for 'high noon' debate

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

MR WALTER MONDALE continued his comeback in the opinion polls yesterday, narrowing President Ronald Reagan's lead to 12 percentage points...

THE CHAIRMAN of the Intelligence Committee of the House of Representatives on Wednesday denounced a CIA manual produced for Nicaragua rebels as "republican" and a disaster for U.S. foreign policy...

Nixon, only 11 close the election by one point. In 1976, President Gerald Ford was 11 points behind Mr Jimmy Carter and lost by two points...

Mr Harris, the well-known pollster, yesterday described the debate as the "high noon" of the election campaign. "If Mr Reagan wins, he has probably won the election. But if he doesn't, this election could be up for grabs and it comes down to one 90-minute period," he said.

Much of Mr Mondale's gain appeared to have come from the return of previously hesitant Democrats to his fold. The poll put Mr Reagan 55 per cent of Republican vote, Mr Mondale increased his share of the Democratic vote from 66 to 75 per cent.

U.S. consumer spending and income rise sharply

BY STEWART FLEMING IN WASHINGTON

SHARP increases in consumer spending which could underpin U.S. economic growth in the fourth quarter of the year surfaced yesterday with the announcement that personal income and spending rose strongly in September.

The Commerce Department reported that in the three months of stagnation, personal income in September surged by 0.9 per cent — \$26.7bn (£22.62bn) — on a seasonally adjusted basis to an annual rate of \$9,072bn.

Bolivia names Finance Minister

By Mary Helen Spooner in La Paz

SR GUALBERTO MERCADO, a former central bank president and ex-director of Bolivia's state bank, has been appointed Finance Minister in the fifth big cabinet reshuffle of President Hernandez Siles Zazo's two-year-old government.

Beagle Channel treaty initialled

By James Burston in Rome

CHILE and Argentina yesterday initialled in Rome a treaty which should put an end to their border dispute over the Beagle Channel.

Delegations of the two countries met in a pavilion in the Vatican Gardens to approve the leather-bound treaty, which was drafted after the two sides reached agreement following six years of mediation by the Vatican, including interventions by Pope John Paul II.

The treaty is believed to grant sovereignty of the three disputed islands—Pieton, Nueva and Lennox—at the entrance to the Beagle Channel to Chile, with 15 miles of territorial waters around them. It is also believed to provide for the drawing of a line between Cape Horn and the South Pole which would divide the two countries' areas of control.

Bahamas awaits showdown as Pindling's credibility is put to test

BY NICKI KELLY IN NASSAU

THE convention floor of the Bahamas's governing Progressive Liberal Party will next week become the battleground for a major challenge to Prime Minister Sir Lynden Pindling's leadership of the PLP, according to party officials.

Long-time PLP members are likely to experience a sense of déjà vu when the convention opens on Monday. In 1970 eight PLP legislators, including two Cabinet Ministers, challenged Sir Lynden's leadership and then quit to become a part of the parliamentary opposition.

an eight-month investigation into drug trafficking. Allegations made before a commission of inquiry have implicated Sir Lynden and two former cabinet colleagues in an extensive network of bribery and corruption encompassing the police, public service, legal profession and the cabinet.

Although all three have strongly denied the charges, Youth Minister Mr Kendal Norrage and Agriculture Minister Mr George Smith resigned two weeks ago amid a cabinet shake-up. The prime minister's credibility, badly tarnished in the course of the same time. Now Mr Hanna plans to make his own bid for the party's leadership, assisted by ex-ministers Mr Perry Christie and Mr Hubert Ingraham, fired for backing Mr Hanna.

at the same time. Now Mr Hanna plans to make his own bid for the party's leadership, assisted by ex-ministers Mr Perry Christie and Mr Hubert Ingraham, fired for backing Mr Hanna.

The showdown is expected next Thursday when the convention meets to elect its officers. For the first time in the party's 30 year history, the election will be held in closed session, a clear signal of the turmoil within the PLP.

the government." Mr Ingraham observed shortly after his dismissal. He was also concerned, he said, by the general decay in the country, the Prime Minister's lack of leadership, "and more pointedly the compromised position which he is in."

However, neither the dissidents nor their supporters want an open break with the party similar to the one which fractured the PLP in 1970.

the government." Mr Ingraham observed shortly after his dismissal. He was also concerned, he said, by the general decay in the country, the Prime Minister's lack of leadership, "and more pointedly the compromised position which he is in."

However, neither the dissidents nor their supporters want an open break with the party similar to the one which fractured the PLP in 1970.

made "some serious errors in judgment" and that, as the country's leader, he must accept responsibility for the "severe political and economic damage" done to the Bahamas over the past year.

He is now anxious, he said, to get the economy moving once more and intends shortly to open discussions with foreign investors around the world. With his credibility in question, the prime minister may have a rough time of it. The government's previously contradictory policies on foreign investment have already extracted a heavy price from the islands.

Sir Lynden has admitted he remain in power. He has shuffled his seven remaining ministers, added one new cabinet member and named himself Minister of Finance.

Price rises could spell more political trouble, reports Mary Helen Spooner

Peso devaluation shocks Chile's poor

BY MARY HELEN SPOONER IN SANTIAGO

THE OPTIMISTIC economic predictions made by Chilean officials early this year have now faded into bitter memory as the country reels from the consequences of last month's devaluation. The wave of price increases is threatening to cause more political trouble for General Augusto Pinochet's already embattled regime.

Last week Sr Luis Escobar, the Finance Minister, was compelled to deny persistent rumours of an additional devaluation and the peso began to decline on Chile's legal parallel market from 120 to the U.S. dollar to 130.

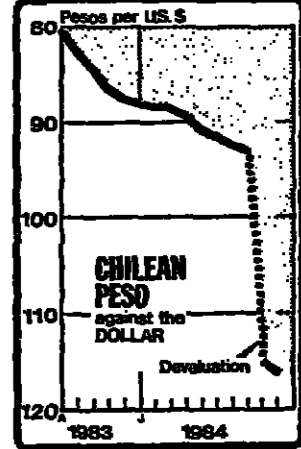
"The country has had to take foul-tasting medicine in order to face next year," Sr Escobar said. "We had two alternatives: either increase revenues or decrease spending, and the devaluation covers them both."

With the price of copper, Chile's chief export, falling to as low as 57 cents per pound, the country registered a trade deficit in August of \$66.4m, reversing the trend towards a modest surplus each month.

Imports also rose during the last two months, including an unexplained increase in luxury items. According to central bank figures, Chile spent \$1.4m alone on imported television sets in July.

Official statements on the devaluation and its repercussions have not always been consistent. Sr Modesto Córdova, the Economy Minister, said that public sector workers on low salaries would receive a compensatory bonus of 400 pesos (\$2.80) per month.

nor the low income groups it was aimed at helping. Even the most pro-Government political groups and trade unions have urged the regime to make immediate readjustments in salaries, which Sr Escobar says will not be undertaken till after the beginning of next year.



FOCUS ON SOUTH AFRICAN COMMERCE AND INDUSTRY

Anglo American — new chairman Gavin Relly stresses continuity of style



Mr Gavin Relly

Gavin Relly, chairman of Anglo American Corporation of South Africa, speaks in this interview with Richard Rolfe, London-based international editor of Finance Week of Johannesburg.

Rolfe: At the time of your appointment as Chairman of Anglo in January 1983, what did you regard as your top priority?

Relly: Unquestionably it was to create a smooth succession after a long time of Oppenheimer chairmanship. With the great moral position the family has established, I saw it as very necessary to try and give that continuity to the Group. The style established by Harry Oppenheimer and his father relied very greatly on the human input and it seemed important to establish a modus operandi which would continue to sustain what they had created. I believe I have been able, without simply reproducing it in a formal way, to keep that aspect of our affairs going in a satisfactory manner.

Rolfe: Your annual report shows that over 40% of your earnings come from gold. What is your long-term view here?

Relly: Leaving aside for the moment what additional investment opportunities there are in gold, I remain a bull of the metal, largely because I think in a world where there is no comprehensive credible analysis of how the world's financial markets really affect what is happening, gold stands out, as it always has done, as the one single international financial asset which has the extraordinary merit of not being an IOU.

Rolfe: Do you think that your political line in general is in any way different from your predecessors?

Relly: It may be that President Botha is pushing things along at a rate which sustains the prospect, not of a solution because I don't think you ever get "solutions" in human affairs, but of a non-violent evolution of political relationships. If this isn't so, then I'm certainly desperately disappointed.

Rolfe: Your predecessors believed Anglo should make a profit for shareholders in a way that makes a lasting contribution. Is this view unchanged?

Rolfe: Would you characterise any difference of approach between yourself and Harry Oppenheimer?

Relly: Different people have different approaches and nobody can doubt that Harry's extraordinary position in the country, as an individual, political thinker and as an intellectual force, brought particular qualities to bear on the job. I don't believe there has been a very great difference of emphasis, though perhaps I have had to pay more attention to the operational basis of the group than was necessary in the past and I think this has tended to reflect itself in our present state of affairs.

Rolfe: Have you been more aggressive — in takeover situations, for example?

Relly: Gold and precious metals are the top of our list, as they are with very many international companies. The only thing is that we might have some reason to feel that we know more about mining gold than other people.

Rolfe: How do you see the outlook for base metals?

Relly: It's very sluggish indeed and there are a number of unanswered questions about the nature of base metal usage, together with problems of substitution and oversupply. We continue to monitor trends and to manage our existing operations within the constraints of the market place. Of course at some point the world will reassume a more conventional growth pattern in which we will play our part.

Rolfe: Do you think enough attention is paid to the need for political expression by Blacks in South Africa?

Rolfe: Most areas have been covered in the heavy end of industry in which we have sought to take a role outside mining and that, of course, is steel and associated industry, including engineering on the one hand and paper on the other, ranging from forests right through pulp mills to the final Mondi Paper complex. That has found a very important area in which we have a firm foundation.

Rolfe: What expansion opportunities do you see in South Africa?

Rolfe: In a formal sense the answer is "No". At the same time we can obviously see a process of change taking place which is involving first the Coloureds and Indians through the new constitution and which I believe will open the way to a form of federalism which will bring about a proper involvement for the black people. There is also a developing black urban self-government which will give its own thrust to reform. But any process which is evolutionary tends to be too slow from the point of view of a number of people directly involved.

Rolfe: Looking purely at the economic scene in South Africa, are there any ongoing changes you would like to see carried out?

Relly: I think the process of financial reform must continue gradually but most important it must be a reform which relates to enterprise — a reform which allows people to do things because they think they are going to do well and be allowed to benefit from the results.

Rolfe: The crucial step in South Africa is to move away from the mindless regulatory way of life, particularly in the areas in which personal entrepreneurship can work amongst Black, White, Coloured and Indian people. At the macro level, I think we have to be a bit careful not to throw the baby out with the bathwater in the zeal for reform. Unless a very firm view is taken at the centre of Government about the problems of inflation and a very, very firm lead, if not direction, doesn't come forth from there, I think we're going to be in trouble — not least with the administered price controls. The large parastatals, and the civil service generally, must be encouraged or directed to control their costs.

Of course the Government is taking a strong line now, and I hope they will stick to it.

Dresdner Finance B.V. advertisement with details on U.S. \$400,000,000 Floating Rate Notes 1983/1993 with Warrants. Includes contact information for Dresdner Bank and Dresdner Bank Group.

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WORLD TRADE NEWS

Saudi Government denies responsibility for late payments

By MICHAEL FIELD

THE SAUDI Finance Ministry has denied it has been delaying payments to contractors working on Government projects in the Kingdom. In statements issued this week, the Ministry sought to dampen the effects of foreign press reports of problems arising over alleged late payments.

The statements criticised the practice of "commercial establishments" giving banks "wrong information about payments they say are owed by the Government, thinking that such claims may help convince banks to postpone the repayment of their debts."

The Saudi statements go on to say that payments have only been delayed where contractors have been late in completing their work or have contravened the technical specifications of their contracts.

The reaction of foreign and Saudi contractors to the statements has been to concede that in a literal sense what the Government says is correct. When payments have been late it has always been because Saudi Government clients have delayed giving approval of work.

On complex contracts it is always possible to find some fault, breach of specifications or grounds for time-consuming questions. What has changed, it is said, is that Saudi Government agencies are discovering more of these minor problems than they did before.

Rules governing overseas contractors tightened up

THE SAUDI Arabian Government has announced a tightening of the terms of the 30 per cent rule, one of the major decrees governing the operations of foreign contractors in the Kingdom, Michael Field reports.

The change in these regulations concerns the definition of what constitutes a foreign contractor. Previously it was any company which was 50 per cent or more foreign owned. Now it is any contractor in which there is any foreign interest at all.

Since last March, when the rules were introduced, foreign companies working on state contracts have had to subcontract 30 per cent of their work to Saudi companies or take 30 per

cent of the value of the contract in goods and services from local companies.

The purpose of the new regulation is to provide a stimulus to the Saudi private sector, which has been hit hard by the drop in awards of Government contracts in the last two years.

The West German engineering consultants Lahmeyer International said it and a Iranian company had been awarded a contract to plan, monitor and aid with tendering for a 540m power project in Iran. Reuter reports from Frankfurt.

The project is a storage plant with a capacity of 1,000 Mw in the Elbuz area in the Elburz Mountains, 150 km north of Tehran, which it will supply.

Another company owed money is the Japanese contractor, Fenta Ocean, which has a major land preparation project at Jubail. The contractor has been owed some \$50m for five months.

It is generally accepted now that late Government payments have not been the prime cause of embarrassment to those contractors that have got into financial difficulties, though all of the contractors have referred to the problem. So far this year one contractor, National Chemical Industries, has gone into liquidation, another, Carlson Al-Saudia, has ceased operations, and a third, the Ali and Fahd Shobokshi partnership, has asked for a rescheduling of a \$400m bank debt.

In the last month, it has emerged that these contractors have mismanaged their contracts in some way, through bidding too low, failing to assess the scope of work in advance, or carrying out the work badly. On the Riyadh University housing project, for which Carlson Al-Saudia was the contractor, the authorities say that some buildings may have to be demolished because of foundation problems.

Japanese ship orders down 60% in first half

By Andrew Fisher, Shipping Correspondent

JAPANESE SHIPYARDS suffered a slump of 60 per cent in new export orders in the first half of this fiscal year.

In the period from April to September, new foreign contracts totalled only 2,45m gross tons against 6m tons in the same period of 1983.

But the comparison was with a year in which Japanese order books were inflated by a surge of overseas orders for bulk carriers.

The foreign order backlog in Japan at the end of September was down to 539 ships of 12.1m tons from 573 of 12.1m at the end of March.

But the order inflow this year compares favourably with that in fiscal 1982, when only 1.23m tons of new export orders were received.

Also experiencing a sharp downturn in new orders is South Korea, number two in world shipbuilding after Japan.

The Trade and Industry Ministry in Seoul reported that foreign ship orders in the first nine months of this year fell by 56 per cent.

Coinciding with the latest figures from the Far East was a more gloomy assessment of the future from the West European industry.

The Association of West European Shipbuilders (AWES), in its latest forecast of world fleet needs, concluded that the recovery to mid-1970s levels of shipyard work would most likely occur around 1995 instead of 1990, as earlier suggested.

It put the overall fleet requirement at 586m deadweight tons in 1990, compared with its forecast made in 1982 of 607m at the end of the next decade.

Back in 1980, AWES forecast that the required fleet, based on economic and trade projections, would be some 686m tons.

The current fleet is nearly 660m deadweight tons. AWES's latest forecast was for a fleet requirement of 544m tons in 1987, rising by 40m more tons by 1990. The decrease from the current fleet levels would be accounted for by the removal of the continuing heavy surplus of tankers.

Hugh O'Shaughnessy examines the new face of the West India Committee

Britain rethinks policy towards Caribbean



Mr Jessup: more involved in the Caribbean

BRITISH government policy towards the Caribbean is just emerging from the trauma it suffered at the time of the U.S. invasion of Grenada.

The political and economic aspects of Anglo-West Indian relations have been going through an at times painful rethink the results of which will be aired soon.

Baroness Young, the Foreign and Commonwealth Office junior minister, is due to make a major speech in London shortly while Mr Paul Channon, the Trade Minister, will be addressing the annual gathering of U.S. businessmen interested in the Caribbean in Miami in December.

The emerging policy will take account of the new and tougher political realities of the region and the growing interest of businessmen—Caribbean and foreign—in the opportunities for investment offered by President Reagan's Caribbean Basin Initiative (CBI).

The CBI offers duty free access to the U.S. market for many manufactured goods produced in the Caribbean.

One of the principal sources of new ideas on British policy is the West India Committee, in itself a minor news item.

The West India Committee was founded two centuries ago by plantation owners to make sure that threatening moves in Parliament to abolish slavery did not prosper.

The blocking action was a manifest failure, but until recently the Committee, according to its detractors, maintained a slightly

relations between Britain and the Caribbean, and in a far different way than in the slave-trading days of the last century.

Its corporate members include about 130 British companies. In the Caribbean itself the membership comprises businesses and trade organisations which range from Angostura Bitters in Trinidad to Alcan Jamaica to the Chamber of Commerce of Cuba and the British Virgin Islands Tourist Board. They are taking part in what in the Committee's offices in London's Albemarle Street off Piccadilly is known familiarly as the Great Leap Forward.

The present chairman of the Committee is Mr J. Stuart Paton, whose family company, Thomson Hanley, has been trading with the West Indies for generations and has helped put the Committee back on a sound financial basis.

Subscriptions have been increased, income from publications has gone up and the Committee has started charging governments and companies a market price for the trade, promotional and consulting services it provides.

Some of the Committee's heirlooms, not to say museum pieces, have been auctioned off. Last year income at £129,699 exceeded expenditure by more than £2,000.

Paralleling the upturn in financial fortunes has been the re-establishment of the Committee's credentials as an effective promoter of trade in both directions between the

EXPORTS TO the U.S. by beneficiaries of the Caribbean Basin Initiative (CBI) rose 31.7 per cent in the first half of 1984 to \$180m from \$121.5m in the first half of 1983, U.S. trade officials said. Reuter reports from Bridgetown.

The 20 CBI countries were granted special tariff and import quota treatment by the U.S. in the 12-year CBI programme, which began two years ago.

Mr Robert Wain, State Department co-ordinator for the CBI, said on Wednesday concessional aid to the Caribbean for the 1983-84 fiscal year ended September 30 totalled \$32m and is expected to rise to \$38m this year.

West Indies and Britain and as a centre of new ideas and information about the region.

The Committee has been a source of ideas and position papers not just for its own members but for the Foreign and Commonwealth Office and the Department of Trade and Industry.

Britain should conduct its trade and political relations with the West Indies at a time of sometimes violent change. It has sought to stimulate West Indian exports to Britain, last year sponsoring the first trade mission from the Caribbean to Britain and has begun to forge links with West Indian entrepreneurs in Britain.

The Committee has also made new contacts with government and business in the U.S. and Canada.

The Committee has also welcomed the decision of Mr Channon to join U.S. Secretary of State George Shultz in addressing the Miami conference.

The architect of many of these changes has been Mr David Jessup, the 36-year-old director of the Committee.

Mr Jessup first made his mark in the Committee in 1978 when he launched Insight, a monthly newsletter on the Caribbean which is prime source of news of the region and whose circulation has tripled over the last two or three years as companies and governments scrambled for good intelligence on the region.

He also revolutionised the Caribbean and West Indies Chronicles which he now edits in collaboration with Mr Jeremy Taylor, a journalist based in Trinidad.

Mr Jessup is half way through the five-year contract and he clearly has plenty more plans for change and modernisation. "I took the job," he says, "on the condition that the Committee would become much more involved in the Caribbean itself rather than remaining as an essentially London-based organisation."

He has enjoyed the backing of manufacturers, traders and bankers in Britain and governments and businessmen in the West Indies.

ECGD backs Airbus loan

THE EXPORT Credits Guarantee Department has guaranteed a loan of about £17m which will help to finance the sale of two A-310-200 Airbus aircraft plus spares to Air Algérie, our Trade Staff writes.

The aircraft will be manufactured by Airbus Industrie, the consortium of British, French and West German aircraft constructors in which British Aerospace holds a 20 per cent stake.

Finance for the UK portion of the contract has been made available by Midland Bank acting as lead manager of a syndicate.

The ECGD also has guaranteed a £3m loan and the repayment and funding of a DM 12m (£4.2m) loan which will help to finance the supply of UK central goods and/or services to Bulgaria.

Japanese bid for Thai complex

By CHRIS SHERWELL IN SINGAPORE

JAPANESE contractors dominate the short-list of bidders for Thailand's large fertiliser complex, part of the country's ambitious eastern seaboard industrialisation plan based on offshore natural gas.

Follow-up discussions on financing are now taking place, and the bidders are presuming that there will be no Thai Government guarantee involved—a consideration which could affect offers of aid or export credits.

The short-list is in three parts, for different segments of the project:

● For the ammonia/urea plant, the main contenders are a consortium of Sumitomo, C. F.

Braun and Hitachi Zosen, another comprising Toyo Engineering, Mitsui and Company and Technics Reunidas, and a third linking Chiyoda, Marubeni and Voest Alpine.

● For the phosphates complex, Davy International of the UK, together with Mitsui Engineering and Shipbuilding and C. Itoh are battling against another consortium grouping Saunprogetti and Mitsubishi Heavy Industries.

● For offsites work the Sumitomo and Toyo Engineering consortia are in competition, along with a third bidder, Dragados of Spain.

Each bidder tendered for the project as a whole and in parts,

and all came in substantially lower than expected. The whole project was originally costed at \$777m, whereas the lowest overall bid, from the Sumitomo Consortium, was \$230m, and none was more than \$400m.

This means the project could probably be financed commercially, and that the question of a government guarantee will not arise. However, Japan's Overseas Economic Co-operation Fund, an official agency which provides concessional financing for development projects on a government-to-government basis, has already committed \$85m to the project, and the use of this would require a guarantee.

Newsprint price increase delayed

By Bernard Simon in Toronto

COMPETITION among newsprint producers and above-average customer inventories have forced the big Canadian producer Abitibi-Price to delay a 6.5 per cent increase scheduled for January 1.

Abitibi declined to give reasons for its decision to defer the increase to April 1, 1985. The company had announced earlier this month that Canadian prices would rise by 8.5 per cent to C\$85 (\$100) a tonne, and prices for U.S. customers by 8.5 per cent to US\$70 (£47) a tonne. Newsprint prices have already been raised twice this year.

Analysts have interpreted Abitibi's backdown to a misreading of the strength and mood of the newsprint market.

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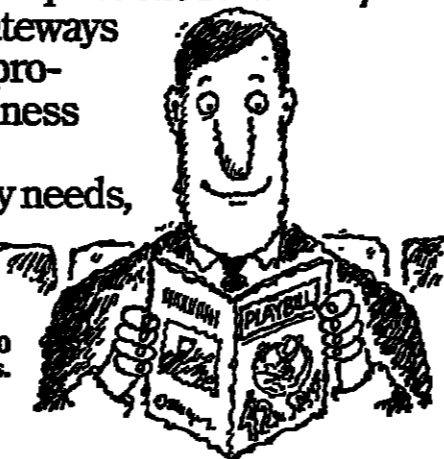
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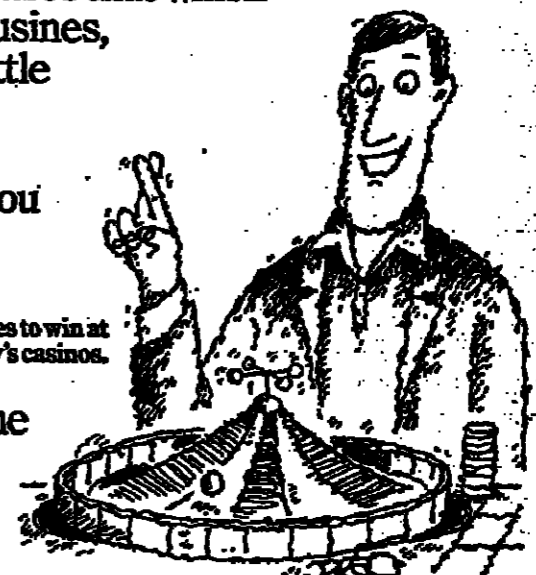
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UK NEWS

BT board member to join U.S. company

MR COLIN CROOK, an executive member of British Telecom's (BT) board, has resigned to join Data General, a leading U.S. manufacturer of small computers, Guy De Jaquerie writes.

The timing of his unexpected departure, only weeks before the planned flotation of BT shares, is clearly embarrassing to the organisation. Mr Crook, aged 42, joined BT only a year ago from the Rank Organisation.

BT was quick yesterday to deny that policy disagreements had led to Mr Crook's resignation, which is effective today. It said that Data General had offered him a package of salary and stock options "which he could not refuse."

BRITAIN and the U.S. are to pool some of their energy resources and development programmes to avoid duplication of expenditure and to encourage shared resources. A memorandum of understanding was signed between the two countries in London by Mr Peter Walker, Energy Secretary and Mr Donald Hodol, his U.S. counterpart.

PROFITS of British Airways could rise from £185m last year to £252m pre-tax in 1987, a research study by brokers Phillips & Drew and Wood, Mackenzie says.

FINANCIAL institutions in the UK pulled £748m out of overseas equities in the second quarter of this year, the first time since 1976 that they have disinvested from this sector according to figures from the Government Statistical Service.

LORD SHINWELL, the former Labour Cabinet minister, celebrated his 100th birthday by deferring the House of Lords and insisting it had no need to worry about its future. He said Labour's threat to abolish the Upper Chamber could be safely disregarded.

RAIDICAL and rapid improvements in the system of civil justice were called for by Sir John Donaldson, the Master of the Rolls. The procedure of the civil courts was still too slow, too technical and too costly, he told the Law Society's annual conference.

He said civil justice should be available to everyone at a price that could be afforded through an improved and more just legal aid system.

Foreign interests in City firms welcomed by Bank's Governor

BY OUR FINANCIAL STAFF

THE GOVERNOR of the Bank of England last night welcomed the formation of new financial groupings in the City of London, including those with foreign participation. "We look forward to seeing them play full part," he said.

Mr Robin Leigh-Pemberton said, however, that he was especially satisfied "at the number of strong formations which are wholly British and which promise to provide a greatly increased national capacity to compete with the best that the rest of the world can offer."

The Governor, speaking at the Lord Mayor of London's dinner for merchants and bankers at the Mansion House, welcomed the Government's proposals for two self-regulatory bodies with statutory powers.

"I am convinced that this general structure offers the best means of achieving regulatory arrangements which are capable of meeting the challenges ahead without needlessly impeding the efficient conduct of business and without impairing this country's ability to compete."

Mr Leigh-Pemberton said the prospect of achieving the Government's inflation target this year was "far better than most outside commentators believed possible."

He said that the upward pressure on interest rates in midsummer had eased. "I would suggest that there is now a general appreciation that monetary policy is on course, with no grounds at this stage for supposing that we shall not be able to achieve our stated objectives." The Governor did not specifically refer to the recent fall of sterling.

Commenting on the Bank's recent rescue of Johnson Matthey Bankers, Mr Leigh-Pemberton said it was "vital to prevent any contagious spread to other members of a central and traditional London market, any failure within which could have quickly sent serious shock waves through the UK banking system."

He acknowledged that there had been criticisms of the Bank's handling of the affair, and especially of its efforts to get other banks to pledge large sums of money to the Bank's "liberators."

Sir Nicholas Godson, chairman of the London Stock Exchange, said at the Mansion House dinner that "barring technological accidents" he was confident that the stock ex-



Robin Leigh-Pemberton: monetary policy on course

change would be the December 1986 deadline, set by the Government, for the final dismantling of fixed commissions on transactions carried out within the stock market.

"We have been working very hard on the future shape of our central market," he said. "We have come to firm decisions on the structure of our competitive markets in gilt-edged and equity securities."

Sir Nicholas said that the details and the supporting technology for the new markets were now being planned. There was also a series of debates about the future structure of membership, about the qualifications of those who advised the public, about the costs levied on new firms which came into the market and about compensation for anyone who lost money through the failure of a member firm.

Sir Nicholas said some of these matters raised questions about the manner in which the stock exchange would finance the further heavy investment in technology which would be needed.

There are those who fear that our home-based firms cannot compete effectively against the massive battalions from overseas, "he said. "I think that is nonsense. We have a sound domestic market which overseas houses will not find it easy to exploit. We have a lot of experience and skill. We know a great deal about risk-taking. Above all, our reputation for ethical standards is second to none."

Mr Peter Miller, chairman of the Lloyd's insurance market, said the capacity to undertake business in the Lloyd's insurance market had increased from £1.5bn to £2.5bn in the last five years.

GM chief gives warning on output costs

BY JOHN GRIFFITHS

GENERAL MOTORS' Vauxhall car and commercial vehicle subsidiaries in Britain had made solid progress over the past three years and had a "promising future," Mr James McDonald, GM president said yesterday.

He coupled praise with a warning, however, when he told a motor show press conference in Birmingham that GM in general and the UK operations in particular were still not world competitive on costs.

The prospect of further substantial investment in the UK was, therefore, very dependent on further productivity improvements. There was concern, too, about the

pay strike at Vauxhall plants, now in its second week, which had disrupted the launch of the Astra car, the centrepiece of Vauxhall's motor show presentation.

The strike had yet seriously to prejudice GM's attitude towards possible future investment in its UK car operations, he added.

Mr McDonald admitted that he had been "much too cautious" in projecting UK investment levels during a previous visit when he said GM would spend £73m in Britain between 1981 and 1984. UK investment had already reached £130m and further planned spending, including the new plant facility at Luton, due for completion next

year, would bring the total so far to £250m.

He declined to predict, however, whether the UK would be in line as the site for any of the next round of substantial investments. GM will need to make later in the decade, in facilities, new models or major components. He said only that it would merit "proper consideration." Overall, Europe could expect to be an area of future investment and expansion.

GM's European operations lost nearly \$300m last year. But in denying that the company was "buying market" in Europe - where it is now locked in a close fought battle with Fiat, Ford, Renault and Peugeot for

Industry to pay 4.65% more for coal supplies

BY OUR INDUSTRIAL STAFF

THE NATIONAL Coal Board (NCB) is to raise its prices by 4.65 per cent from November 1. It says that "for the time being" it is not raising the price of fuel supplied to merchants for sale to domestic customers.

At the present reduced rate of coal deliveries to power stations during the national pit strike, the increase could add nearly £80m a year to the fuel bill of the Central Electricity Generating Board (CEGB), on top of the extra £1.3bn a year cost of replacing coal by oil.

The dealer coal could, according to some estimates, be translated into a rise of 3 to 3.5 per cent in electricity prices next spring, apart

from any surcharge which the Treasury may wish to impose to pay for the miners' strike.

The CEGB last night expressed relief that the NCB price rise had, as last year, stayed below the inflation rate. There had been reports that the NCB, to recoup some of its strike losses, might boost prices by up to 12 per cent.

Fresh talks on the miners' dispute seem unlikely in the immediate future, despite suggestions yesterday by Mr Peter Walker, Energy Secretary and some miners' leaders that resumed discussions are imminent. It is only days since the concilia-

tion and arbitration service Acas, took the unusual step of hitting talks between the NCB and the National Union of Mineworkers because of the gulf between them. But Mr Sid Vincent, president of the Lancashire miners, said yesterday, there were "rumours abroad that new talks could be taking place almost immediately." Miners' leaders were being told "behind the scenes" that the NCB wanted talks.

Other miners' leaders privately dismissed Mr Vincent's statement. But Mr Walker said that new talks could take place whenever Acas felt they stood a chance of reaching agreement.

Britain backs EEC car price proposals

BY OUR INDUSTRIAL STAFF

THE BRITISH Government came out in favour yesterday of the draft European Economic Communities regulations intended to reduce the differentials between the prices charged by car manufacturers in the UK, compared with other Common Market countries.

Speaking at the Society of Motor Manufacturers and Traders dinner at the motor show in Birmingham last night Mr Norman Lamont, the Minister of State for Industry, said that the Government supported the present draft of the regulations.

Mr Lamont said price differentials were not welcomed by either UK consumers or the UK Government. Just as manufacturers were free to sell wherever they wished in the Community, consumers had a fundamental right to buy wherever they wished. "If prices get too far out of line, consumers will naturally want to buy wherever they can get the lowest price - even if that is less than ideal for manufacturers and dealers," he said.

Present EEC proposals circulated last week would allow the Commission to investigate the pricing structure, when vehicle prices of a manufacturer differ between EEC countries for more than six months.

Mr Lamont said: "Persistently high differentials are bound to lead to concerns that the market is being

partitioned by the operation of the franchised dealer system.

"Such partitioning would effectively mean that manufacturers and dealers had agreements which benefited them, but not consumers." If the EEC proposals were able to seek redress, he said.

Mr Lamont added that the latest proposals went a long way towards meeting the concerns of the manufacturers. Where a market was "untypical" or "distorted" by tax policies or price controls, such as in Belgium or Denmark, the Commission would not necessarily take action against the manufacturers, even where the price differential was more than 12 per cent.

Some figures showed that, on average, all makes of car were 23 per cent cheaper pre-tax in Belgium than in the UK.

Leading British motor manufacturers objected strongly last night to the Government's decision to support the new regulations.

Indications are that the draft regulations could be approved by the Commission by the end of the year, but it is understood that a "breathing space" of about six months would elapse before they came into force.

Flies by E1, Page 11

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New Issue - October 19, 1984

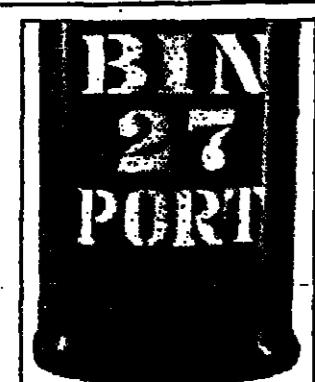
Company Notice

DOMESTIC PETROLEUM INT. ISSUE \$US 75,000,000 FRN DUE 1988

For six months, from October 9, 1984 to April 8, 1985, the notes will carry an interest rate of 12% per annum.

The interest due on April 9, 1985 against coupon no. 7 will be \$US 506,670 and has been computed on the actual number of days elapsed (182) divided by 360.

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Managers' group ready to buy Thomas Storey

BY NICK GARNETT, NORTHERN CORRESPONDENT

A CONSORTIUM of managers at Thomas Storey, the bridge-building company which was part of the now defunct Acrow engineering group, is on the point of purchasing the company from the receivers.

The purchase is expected to be completed by Monday. The unions expect the company, based at Stockport in north-west England, to re-employ about 200 of the 300-strong workforce technically made redundant at the beginning of the week.

The group of managers, led by Mr John Hathrell, Thomas Storey's managing director, was successful in raising money in the City of London, and in beating off other bids from a number of companies. One of these was believed to be from Fairey Engineering in greater Manchester.

Thomas Storey, renowned for the Bailey bridge, had assets of £12.6m at the March balance sheet date. It lost £400,000 in 1983-84 but was forecast to produce a trading surplus of £500,000 in the current year.

Developments at Thomas Storey might indicate the piecemeal break-up and sale of the Acrow companies, although there are persistent rumours that a few large groups, including NEI, are still showing an interest in buying parts of the Acrow empire.

The workforce at Coles Cranes, the mobile crane-maker which was the largest part of the Acrow group when it went into receivership last month, have begun industrial action. This is partly in protest at delays in deciding the future of the company, based at Sunderland in north-east England.

Chairman at Morgan Grenfell dies

By Ray Maughan

MR BILL MACKWORTH-Young, chairman of Morgan Grenfell, the London merchant bank, died yesterday at his London home. He was 58.

A convinced internationalist, with particularly close links with numerous U.S. businessmen, Mr Mackworth-Young helped position Morgan Grenfell and, in a wider role, the City of London itself, to face the day when securities industry would become truly international. He was chairman of the British Invisible Exports Council.

Over the past four years, Mr Mackworth-Young addressed the problems of international banking and, more particularly, the evolution of the City of London's affairs which are sweeping in changes undreamt of when he was broking with the firm of Rowe & Pitman.

Under his guidance Morgan Grenfell has forged alliances with Pinchin Denny, the stockjobbing firm, the Target Life fund management group and, only last week, with Fember & Boyle, the leading gilt-edged broker.

It seemed natural that Mr Robin Leigh-Pemberton, Governor of the Bank of England, would choose Mr Mackworth-Young to join the advisory group of senior city figures asked to help shape the structure of self-regulation for the London financial markets. Mr Leigh-Pemberton described him last night as "one of the City's foremost public servants."

He leaves a wife and four daughters.

Managers' group ready to buy Thomas Storey

The unions are blocking the removal of completed vehicles from the plant, which employs 900. They have made dispensations for companies which have already paid for ordered vehicles. Production is continuing normally.

Union officials said yesterday that they expect redundancy notices to be sent to the workforce in the next two days. The two leading bidders for Coles are thought to be Geyse, the U.S. crane-maker, and a group of local directors who have proposed a management buyout.

Mr Ron Stafford, a local official of the Amalgamated Union of Engineering Workers, said the industrial action was in protest at the speed of negotiations and out of a worry that removal of equipment from the site could make the company less attractive to a potential buyer.

A number of companies have shown an interest in Priestman, Acrow's excavator manufacturing business in Hull, but no offers have yet been made.

Mr James Priestman, managing director of the company until it was taken over by Acrow in 1989 and whose grandfather began the business in 1870, is also trying to put together a partial package. He has had tentative discussions with merchant banker Hill Samuel.

Priestman, which employs about 300, recently introduced a range of variable counterweight machines with specially long arms for digging at long range. Its order book has been depleted, although it is collaborating with Coles in a contract to supply vehicles to the Ministry of Defence.

WORLD STOCK MARKETS CHECK EVERY DAY IN THE FT



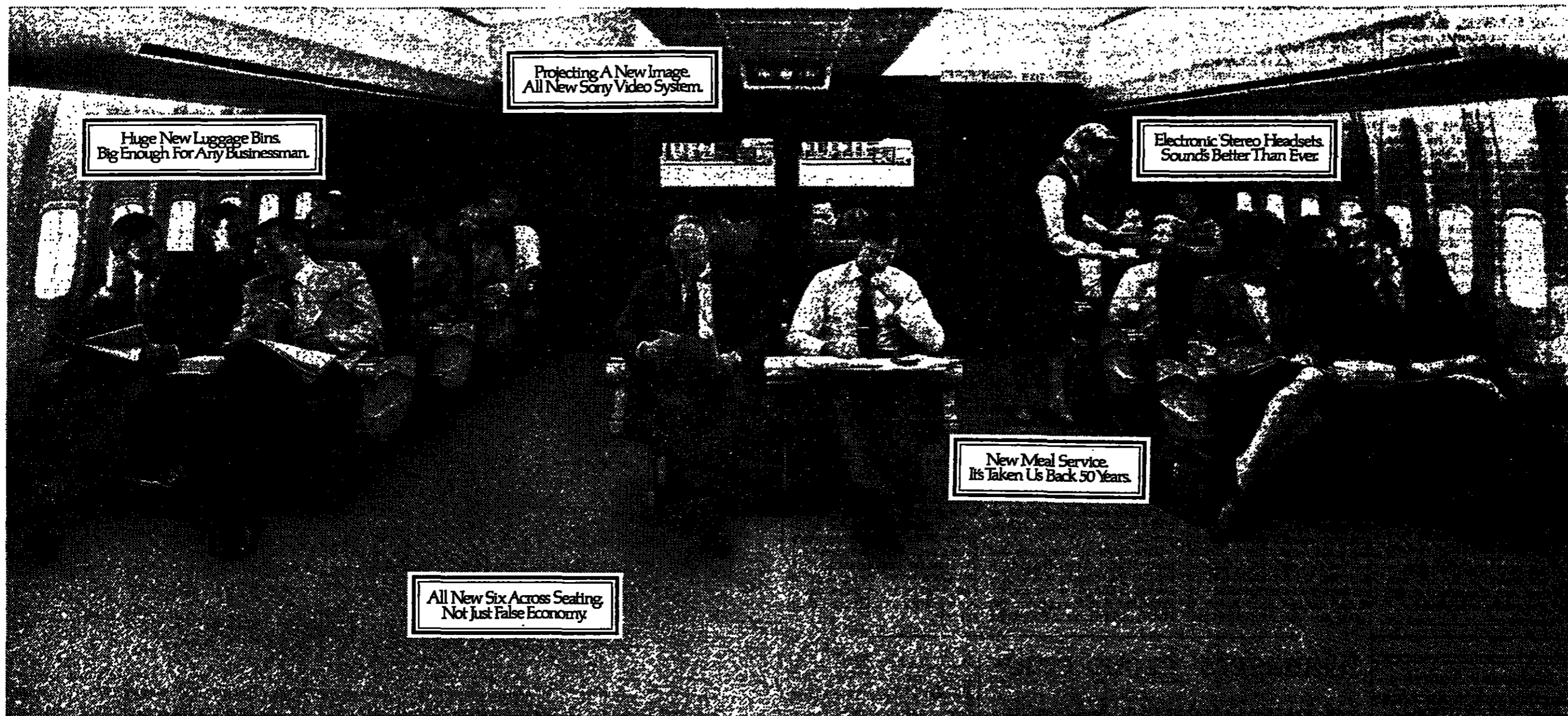
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TECHNOLOGY

EDITED BY ALAN CA'E

REPORT FINDS UK SPACE AMBITIONS DISAPPOINTING

Britain lags in industrial space

BY PETER MARSH

BRITISH industry has shown a disappointing lack of interest in the possibilities of doing commercial work aboard a space station of the kind that international space community, led by the U.S., is planning for the 1990s.

That is the conclusion of a report for the Department of Trade and Industry from PA Technology, the technical consultants. The department commissioned the report to help it to decide on the response the UK should make to the offer by the U.S. Government to join in the project to construct the orbiting base.

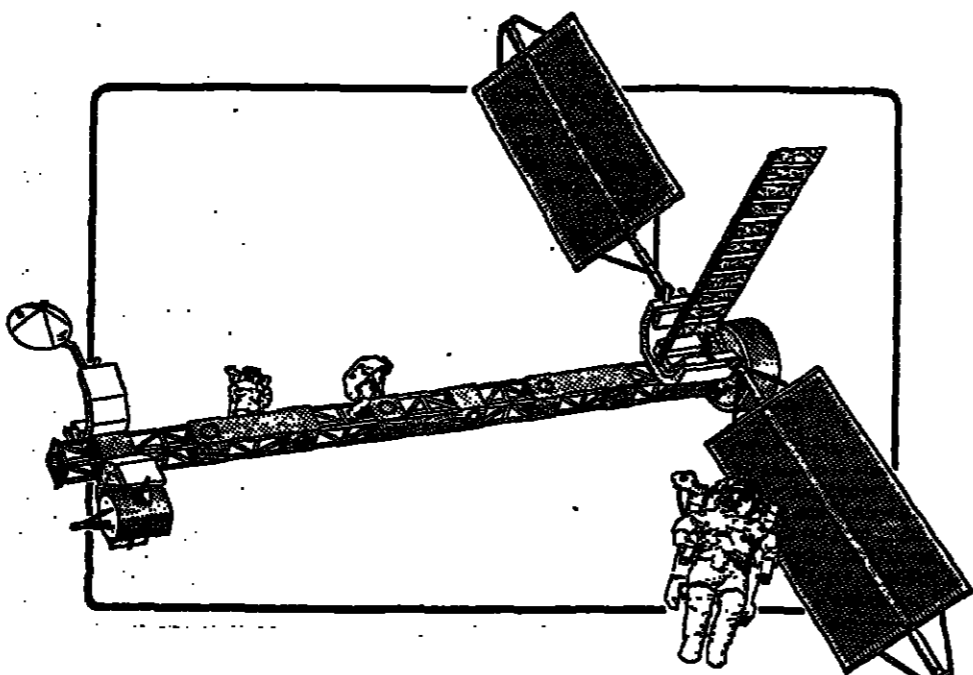
According to PA, low-gravity work in space has potential benefits in three key areas: research into new forms of semiconductor; preparation of protein crystals and better understanding of processes in work whose main applications could be the improvement of ground-based industries.

Dr Geoffrey Roberts of PA says: "Industry is gradually starting to acknowledge this potential (of work in space) but to date has had little incentive to invest. The level of work carried out which could have encouraged investment has been inadequate both in quantitative and qualitative terms. Also it will be necessary to modify the philosophy of UK industry to encourage longer term strategies as exemplified by other organisations such as the large trading companies of Japan."

President Reagan has asked Britain, together with other West European nations and Canada and Japan, to add to the \$8bn that the U.S. has already allocated to the space station. Western Europe could contribute up to \$2bn, of which Britain's share could be \$500m.

In return, aerospace companies in these countries would take a share in designing and building parts of the base, which would accommodate six to eight people and house laboratories for work in low gravity as well as high-power sensors to span the earth's surface and atmosphere.

Western Europe, under the auspices of the European Space Agency, has to decide by next year the outline of how it intends to collaborate with the U.S. This is to fit in with the plans of the U.S. National Aeronautics and Space Administration, which is due to begin its own detailed design studies.



This free-flying space platform, designed by British Aerospace, could act as a base for experiments above the atmosphere—but so far UK industry has shown little interest in such studies

of the station in mid-1985.

In theory, the laboratories aboard the space structure could be rented out to companies, for example in the chemical or materials-processing industries. In these workshops, engineers could work in a vacuum and with the forces of gravity stripped away. Under such conditions, it may be possible to develop materials either impossible or difficult to manufacture on the ground.

Work in semiconductor crystals shows promise, according to PA, on the grounds that under the exotic conditions of space, the extent and effect of defects in crystals can be reduced. This is on account of the lack of convection currents in zero gravity that cause imperfections in crystals as they precipitate from solution. Semiconductor materials grown in this way could see applications where designers require virtually perfect crystals for use in high-speed electronic circuits, for example in military work or telecommunications.

Engineers in the U.S. have pinpointed gallium arsenide as one semiconductor material that, if grown in space, could see high demand from the electronics industry.

But the PA report warns that work to produce such crystals will be by no means cheap. Even where a space "infrastructure" has been set up—in other words government cash has paid for a laboratory aboard a space station or space shuttle—the cost of a single experiment could be \$20,000. To this would have to be added a further \$200,000 for support work on earth.

In the production of protein crystals, work in space could bring major benefits to companies that produce enzymes and other biomaterials. Experiments in sounding rockets have produced crystals that grow faster than in conditions on the ground. Also, as a result of the lack of gravity (which may cause big structures to collapse under their own weight) the crystals can be up to 20 or so times larger.

The final area of space work which shows potential concerns research to understand better processes in earth-bound industry. Studies in a micro-gravity environment can provide, for example, detailed knowledge about the forces that influence combustion in work that could help companies such

as those that produce diesel engines.

Other research could shed new light on tribological studies—in which the behaviour of bearings and impact of surface-tension effects can be analysed—and in work to measure the impact of corrosion.

The PA team had no brief to examine other areas of work that could be carried out on space station, studies of the earth's surface with sensing instruments, for example. This is despite analysis in the U.S. that this kind of research could be more important, both scientifically and commercially, than efforts to produce new materials under low gravity.

That was the view of a panel of the U.S. National Academy of Sciences which in a report says "materials science and engineering should not be used as a primary justification for a space station." Among the areas of applications that the panel thought promising was work in new forms of satellite communications. This would feature very large antennas that engineers could construct aboard the orbiting base.

* *Practical Applications of a Space Station*, National Academy Press, Washington.

OFFICE EQUIPMENT

How IBM's typewriter 'paints' on paper

THE TYPEWRITER world was a little underawed by IBM's latest family of electronic machines, launched earlier this week (see Thursday's FT). But then the personal computer world was hardly overexcited about the PC when it was launched, so the Olivetti, Olympus and Canon of the world can hardly sit back on their laurels.

What they seemed to impress them least was the level of new technology in IBM's latest offerings. Sure enough, most of the features of the Superselectric I and II are standard these days, but the heat transfer technology used on the Thermotronic I is novel and interesting.

Where the IBM machine differs from conventional thermal printers is the way it makes use of heat; conventional machines melt ink from a carrier onto the paper using direct heat. As IBM puts it rather smoothly: "This produces a print of average quality."

Heat transfer technology involves a four-layer ribbon: a polymer material, an aluminium conducting layer, an easily melted layer that permits the release of ink and a film of ink.

The printhead contains 30 tiny electrodes; it does not heat up itself but transfers energy to the ribbon.

To print a character, the print mechanism presses the ribbon against the paper. The printhead electrodes contact the resist layer and apply small electrical charges that travel through it to the aluminium layer, where local heating results in the melting of tiny areas in the release layer. The character is therefore "painted" onto the paper.

To correct mistakes, the print head applies a smaller charge to the ribbon so that the release layer becomes simply tacky rather than melting.

The incorrect character adheres to the ribbon and is lifted off the paper. These corrections are virtually undetectable as the character is not pressed into the paper.

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Stock control

Just the ticket!

A SIMPLE low cost visual stock control system for fashion and clothing retailers called At View has been launched by Retailer Computing of Greenwich, London.

When garments, for example, are sent out to branches, they carry a red ticket; on arrival at the branch, the tickets are removed and kept as a tally of what is in stock. As the garments are sold, the staff substitute a white ticket for a red one.

The retailer can see at a glance which brands are selling best, which need to be re-ordered and which are the sales laggards. The white tickets can also be sent to Retailer Computing to provide the central management with information about relative branch performance, overall stock position, and the best way to transfer stock between branches. More on 01-553 5466.

Electronics

Camera without film

PANASONIC, the Japanese consumer electronics company, has developed a camera that takes colour pictures without film, using television techniques and storing the picture in digital form on a magnetic disk.

The company emphasises that the camera will not go on the market for two years and no price has yet been set for it.

The camera weighs 1kg (2.2 lb) and the disk can store up to 35 shots which can be immediately displayed on a normal television set. It is also possible to make prints of the pictures in about 90 seconds on a separate printer. A text adaptor can be added that allows the pictures to be annotated with text.

Sony announced a similar development in 1982, the Mavica camera, which held 50 pictures on a disk. It subsequently revealed a printer that used a thermal head and a print medium which used heat-sensitive dye-release agents.

Robotics

Machine follower

SELSPINE, a Swedish company represented in the UK by G. V. Planer of Sunbury-on-Thames, has developed a system that will check the movements of a robot by following the paths of light emitting diodes attached to the machine.

The cameras are equipped with special optoelectronic detectors which convert the paths of the light sources into co-ordinates in two planes at right angles to each other. A complete three dimensional plot is thus obtained, and the results can be shown numerically and graphically.

Ford and Renault have already bought the system, and Volvo is using it to match robots to specific tasks. More on 09227 88282.

Medicine

Finger on the pulse

HEALTH TECH of High Wycombe is attempting to sell to jogging buffs a tiny microcomputer that fits onto a finger like a thumb and monitors pulse rate.

The £65 instrument was developed in the U.S. for use in hospitals. It shows how fast the heart is beating during exercise and the time it takes for the pulse rate to slow down after exertion—a useful indicator of a person's state of fitness.

Clive Capps, managing director of the company, has taken to heart the cause of fitness and has run 1,000 miles in the past year, wearing out three pairs of running shoes.

POINT OF SALE SYSTEMS

Nixdorf curries favour

CURRYS GROUP, the UK's biggest High Street electrical retail chain, has ordered an advanced point-of-sale (POS) system from Nixdorf, Germany's leading computer manufacturer.

In one of the largest POS projects to be unveiled for some time, Currys is to equip all 567 branch stores in the UK. The full network, which involves the installation of some 900 terminals (the model 8812/10) and 900 administrative systems, is scheduled for completion by the end of 1986. The order is worth £3.2m.

Currys Group is the holding company for three retailing chains—Currys, Bridgers Discount and Carroll Colourhire. Phase one of the project is complete, with 18 terminals installed in the three chains.

POS terminals act as electronic cash registers, accepting cash and providing receipts for the customer, but are also able to collect sales data and categorise it in various ways, allowing store proprietors to see what

lines are selling well and whether stock needs replenishing.

The POS terminals will have local price look-up files. This means that the assistant does not have to know the price of the product—the machine will look it up automatically and ring it up. Credit card readers will be built-in.

In addition, the terminals will have alpha-numeric keyboards allowing the names and addresses of customers to be entered—a requirement in stores selling TV sets since the licensing authority has to be notified of the sale.

The administrative systems will have a seven inch screen, typewriter keyboard and a small printer. They will be used for compiling rental and credit agreements in each of the branches.

A central Nixdorf computer at head office will poll the store terminals every night to collect details of the day's transactions.

How does Seisella expect to find North Sea oil and gas deposits that have been overlooked before?

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The vessel is the m.v. *Seisella*, a survey ship operated by Seismograph Service Ltd., of Kent, England. SSL is a subsidiary of Raytheon's Seismograph Service Corporation.

Seisella's instrument room is the nerve center of this complex data gathering operation. Here millions of bits of data are digitally recorded in preparation for computer processing. In areas of high interest, data can be recorded with such high resolution that three-dimensional maps can be made of the strata beneath the sea.

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that might have been overlooked. Fewer wells may have to be drilled to delineate a field. And the time between discovery and production may be substantially reduced.

In fact, savings for oil companies can be significant even when no oil is found. If drilling even one dry hole is avoided, the cost of the survey is more than justified.

Seismograph Service Corporation operates on land and sea, and is a global leader in applying high technology to the continuing search for ever scarcer energy resources.

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Company Notices

ORANGE FREE STATE GOLD MINING COMPANIES ADMINISTERED BY ANGLO AMERICAN CORPORATION

FINAL DIVIDENDS — FINANCIAL YEARS ENDED SEPTEMBER 30 1984

On October 18 1984 dividends were declared in South African currency payable on December 14 1984 to members registered in the books of the undetermined companies at the close of business on November 9 1984, and to persons presenting the relevant coupons marked "South Africa," detached from share/stock warrants to bearer.

The transfer registers and registers of members will be closed in each case from November 10 to November 23 1984, both days inclusive, and warrants will be passed from the Johannesburg and United Kingdom offices of the transfer secretaries on or about December 13 1984. Registered members paid from the United Kingdom will receive the United Kingdom currency equivalent on November 12 1984, of the end value of their dividends (less appropriate taxes). Any such members may, however, elect to be paid in South African currency, provided that the request is received at the offices of the companies' transfer secretaries in Johannesburg or in the United Kingdom on or before November 9 1984.

Holders of share/stock warrants to bearer are notified that the dividends are payable on or after September 14 1984, upon presentation of the respective coupons (marked "South Africa") at the offices of Barclays National Bank Limited, Stock Exchange Branch, Diagonal Street, Johannesburg, South Africa; Union Bank of Switzerland, Bahnhofstrasse 45, 8001 Zurich, Switzerland; Credit du Nord, 8 and 9 Boulevard Haussmann, 75002 Paris, France; and Banque Bruxelles Lambert, 24 Avenue Marie, 1050 Brussels, Belgium, only. Coupons must be left at least four clear days for despatch.

Proceeds of dividends in respect of coupons marked "South Africa" may, at the request of the depositors, be converted through an authorised dealer in exchange in the Republic of South Africa into any currency. The effective rate of exchange for conversion into any such currency will be that prevailing at the time the proceeds of the dividends are deposited with the authorised dealer in exchange.

The effective rate of non-resident shareholders' tax for all the undetermined companies is 15 per cent. The dividends are payable subject to conditions which can be inspected at the head and London offices of the companies and also at the offices of the companies' transfer secretaries in Johannesburg and the United Kingdom.

Name of company (each of which is incorporated in the Republic of South Africa)	Dividend No.	Coupons marked "South Africa" No.	Rate of dividend share/unit of stock
Free State Gold Mining Limited	55	56	230 cents
President Brand Gold Mining Company Limited	58	61	200 cents
President Steyn Gold Mining Company Limited	59	60	240 cents
Western Holdings Limited	59	—	315 cents

The attention of holders of stock warrants to bearer in President Brand Gold Mining Company Limited is directed to the separate notice published in conjunction herewith regarding the arrangements made for them to obtain new sheets of coupons numbered 62 to 81, inclusive.

By order of the boards
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per: C. R. BULL, Divisional Secretary
Head Office
44 Main Street, Johannesburg 2001 (P.O. Box 51287, Marshalltown 2107)

Transfer Secretaries
Consolidated Share Registrars Limited
First Floor, Edgars
40 Commissioner Street, Johannesburg
(P.O. Box 6102, Marshalltown 2107)

Hill Samuel Registrars Limited
6, Greenock Place
London SW1P 1PL
Johannesburg
October 19 1984

Art Galleries

AGNEW GALLERY, 43, Old Bond St., W1. 01-629 6176. Master Prints Old and Modern including Maurice Denis' L'athlète "Amour." Until 31 Oct. Mon-Fri. 9.30-5.30; Thurs. until 7.

LEFEVRE GALLERY, 30, Bruton St., W1. 01-629 1977. PAINTINGS, WATER-COLOURS AND DRAWINGS BY NIGEL WALMSLEY. 4th October-3rd November. Mon-Fri. 10-5. Sat. 10-1.30.

Clubs

AGNEW GALLERY, 43, Old Bond St., W1. 01-629 6176. DAVID BLACKBURN—Recent Drawings including "The Recruits." Dinner from 10.30 am. Disco and live music. 25th October-2nd November. 9.30-5.30; Thurs. until 7.

EVER has invited the others because of a Recruits Dinner from 10.30 am. Disco and live music. 25th October-2nd November. 9.30-5.30; Thurs. until 7.

UK NEWS

BL chief urges higher local content in UK cars

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE NUMBER of British cars with a UK content of at least 80 per cent had fallen from 72 per cent of the total sold in 1973 to only 32 per cent last year, Mr Harold Musgrove, chairman of BL's Austin Rover subsidiary claimed yesterday.

He insisted that 80 per cent domestic content — measured by ex-factory price — was the minimum needed to preserve the motor industry in its entirety in Britain. Anything less would exclude high technology components and would not be adequate to preserve a broadly-based component supply industry.

Mr Musgrove argued that domestic content indicated a country's ability to compete in any particular industry.

"Low domestic content suggests either a newly established industry which is learning from others or a mature industry which has let its skills fall into uncompetitiveness and decline."

Speaking at a conference in Birmingham organised by management consultants A.T. Kearney and the Economist Intelligence Unit Mr Musgrove said the UK manufacturers had to narrow the gap in productivity between continental European plants and particularly those of the Japanese. "And the component industry, with our assistance, must come along with us if it is to maintain a meaningful local content within the industry."

He maintained that the motor industry was worth preserving as today it was a vehicle for change and a catalyst for technological advances, "soaking up technological advances in product and production innovation like a sponge — making quantum leaps forward in areas like data base engineering, programmable automation and robotic applications."

● Politicians and "those goons sitting over in Brussels" would destroy the European motor industry, cost 5m to 4m jobs and leave consumers with only Japanese or East European cars to choose from. Mr Sam Toy, chairman of Ford of Britain told the conference.

Although he is well known for expressing himself in strong terms, Mr Toy's outburst showed that the British manufacturers are becoming increasingly impatient with the European Commission's plans to harmonise tax free car prices throughout the Community.

Tempers have become frayed recently because, according to industry executives, a battle within the UK Department of Trade and Industry between supporters of consumer interests — arguing in favour of the EEC proposals — and those who stand against the price pressure has been won by the consumer lobby, apparently because Mrs Margaret Thatcher, the Prime Minister, gave it her support.

Healey says world economies face new threat of recession

BY IVOR OWEN

MR DENIS HEALEY, the Labour Party's Shadow Foreign Secretary, yesterday emphasized the danger of a new world recession in a speech to the American-European Community Association at The Hague.

He described the economic recovery that had taken place in Europe as "comparatively feeble." He argued that, as most European governments planned to tighten their fiscal policies, and growth in the U.S. was expected to halve next year, "we could soon be entering a new recession."

Mr Healey, a former Chancellor of the Exchequer, said that the worsening international debt crisis threatened to unleash dangerously disruptive forces. He feared that the political strains imposed by International Monetary Fund (IMF) adjustment programmes on Latin America might lead to revolution or

default on a large scale, unless Western governments instructed the IMF to turn a blind eye to the failure of debtor governments to meet their performance targets, except those related to balance of payments.

Growing protectionism and recession in the industrial world might even prevent balance of payment targets from being achieved, he stressed.

Mr Healey said that against that background he found it difficult to become excited by the European complaints about the size of the U.S. deficit. He insisted, "Europe would benefit more by asking itself why America's economic performance has been so much better than its own, and by taking more advantage, as the Pacific countries are already doing, of the export opportunities offered by the U.S."

Pension managers 'slow to respond'

By Clive Wolman in Madrid

SLOWNESS of UK pension fund managers in making use of financial futures, options and other recent financial instruments was criticised yesterday by Mr George Dennis, director of securities at Postel, the UK's largest pension fund with assets of £7bn.

Mr Dennis, in a speech read out in his absence to the 18th European Congress of Financial Analysts in Madrid also criticised government and City of London proposals for a reformed system of investor protection based on self-regulation.

He praised the "flexibility" of the U.S. investor protection system, based on government regulation and legal controls. It ensured, that control procedures could evolve probably faster than elsewhere because there was a legal framework, he said. Tight control procedures, harmonised between different world financial markets were necessary to permit the rapid development of those markets.

Mr Dennis cited the findings of Mr Kenneth Arrow, the Nobel Prize-winning economist, which demonstrated, that the use of options, short-selling and other speculative activities increased a nation's wealth. That, he said, countered "the naive notion that speculation was some worthless form of gambling."

Mr Walter Stern, vice-president of Capital Research Company, of the U.S. said American pension funds were experiencing a "shake-out" prompted by substantial underperformance of most of the active fund managers.

MANAGERS STRIKE A CAUTIOUS NOTE

Doubts over benefits of financial mergers

BY ALEXANDER NICOLL

THE PRESENT state of amalgamations between merchant banks, brokers and other financial institutions may not produce groups best equipped to cope with the needs of reformed financial markets, Mr Peter Grant, vice-chairman of Leazard Brothers, the merchant bank warned yesterday.

Mr John Quinton, the day's chairman and senior general manager of Barclays Bank — which has formed a link with stockbrokers de Zoete & Bevan and jobbers Wedd, Durlacher, Mordant — forecast that "the prudent banker will not carry diversification too far and that he will not venture into areas too far removed from those in which he has professional experience and expertise."

Banks would follow a three-fold strategy over the next 10 years, Mr Quinton suggested. They would

- Seek to increase efficiency and reduce costs, especially through money transmission services. The next stage in this would be point of sale transfers. "Banks are now close to the establishment of a joint nationwide scheme which will be in operation within two or three years."
- Concentrate in serving particular segments of the market, such as the "high net worth individual."
- Diversify into new products, such as cash management and home banking.

Lord Bruce-Gardyne said there were two key questions to be answered. Would small companies be assured of a satisfactory secondary market for new shares? And would the new gilts market assure the Government of the ability to fund its debt in both good times and bad?

"If the new environment can positively answer these two questions, then we have nothing to fear from it," he said.

Sir Kenneth Berrill, chairman of stockbrokers Vickers de Costa, which has formed a link with Citicorp and Scrimgeour Kemp Gee, forecast difficult times for medium-sized brokers who have not found outside shareholders, especially those with a large amount of gilts

business — likely to be threatened by the new primary dealerships. Small local brokers would probably continue to flourish through greater penetration, Sir Kenneth said. But the gap between medium and large brokers, with boosted capital, was likely to widen. He forecast mergers between medium-sized brokers.

Mr Joao Ribeiro da Fonseca, Visa International's chief general manager for Europe, the Middle East and Africa, called on the European banking industry to agree on technical standards allowing a global commitment to electronic funds transfer at point of sale (EFTPOS).

"The future of banks will depend on their ability to provide global telecommunications networks to serve their customers. Individually, banks do not have the reach to provide such global systems. Their future depends on their willingness to cooperate in joint ventures with other banking organisations."

Dr Karl-Herbert Schneider-Gaedtke, a managing director of West Germany's DG Bank, forecast a decline in the number of bank branches in Germany as a result of automation and home banking. But this could be limited by consumer opposition. "One day someone is sure to come up with the slogan: 'The bank where you are served by a person, not a robot,'" he said. West Germany's financial services revolution, however, was hampered by a ban on futures trading.

Mr Michael Bliss, joint managing director of Welbeck Financial Services, said the development of financial services by the big store groups was under way, though still embryonic and far from the one-stop shopping concept already achieved by groups such as Sears Roebuck in the U.S.

FINANCIAL TIMES
Financial Services Revolution
CONFERENCE

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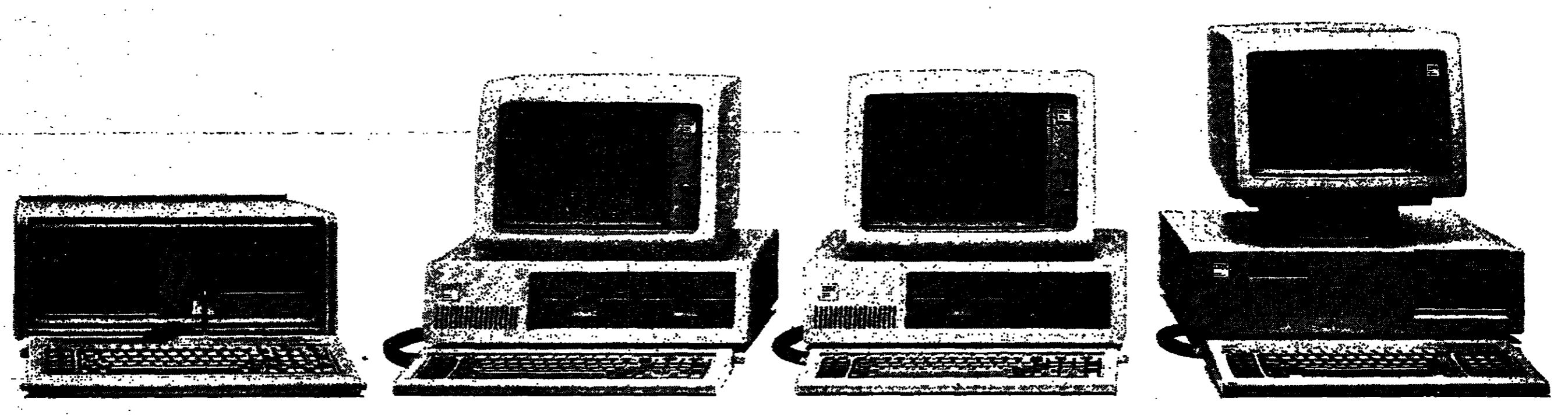
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Pension managers 'slow to respond'

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THE ARTS

Arts Week
F | S | Su | M | Tu | W | Th
19 | 20 | 21 | 22 | 23 | 24 | 25

Exhibitions

ITALY
Venice: Museo d'Arte Moderna di Ca' Pesaro Egon Schiele: 1890-1918. Almost all works of this extraordinary painter. This exhibition was at the Campidoglio in Rome earlier this summer. Ends Nov 25. Open from 10.00am to 7.00pm (closed Monday).

more differentiated view of the artist - with the help of an exhibition comprising more than 300 of his works on loan from the German Democratic Republic, The Federal Republic and Austria. Ends November 4.
Düsseldorf, Tonhalle. 4 Ehrenhof: Americans in Glass, is for the first time in West Germany, with mostly abstract works on and with glass by contemporary U.S. artists. Ends Oct 28.

PARIS
Le Douanier Rousseau: Extraordinary tropical vegetation with exotic flowers, gaily poetic images of Paris and its surroundings, dignified portraits of himself and his friends fill Douanier Rousseau's canvases. Self-taught, appreciated by Apollinaire yet cruelly mocked by others, he found an escape from the daily humdrum existence in the dream world of his paintings. Grand Palais, 10am-8pm, Wed till 10pm, closed Tue. Ends Jan 7. (260.28.26).

MUSIC
PARIS
Ivo Pyrovecik, piano: Mozart, Chopin, Prokofiev (Mon). TMP-Châtelet (233.44.44).
Musica Antiqua from Cologne: German 17th and 18th century music (Mon). Salle Gaveau (563.20.30).

Where the Green Ants Dream, directed by Werner Herzog. The Natural, directed by Barry Levinson. Conan the Destroyer, directed by Richard Fleischer.

Cinema/Nigel Andrews
Dreamers and Destroyers



Arnold Schwarzenegger as Conan

barbaric as the latest example of the movie mythomancer industry playing with itself. Consumerism is of course a dangerous habit. As well as making you blind if you do it too often, it can spoil your ability to form relationships with real movies.
You tend to get stuck in fantasy grooves where you need the artificial stimulus of lines like "It is written in the scrolls of Scellus" or "Let us ride to the Castle of Tupperburg. I may have misheard this last one."

Theatre

LONDON
Little Shop of Horrors (Comedy): Campy off-Broadway import which is less good than The Rocky Horror Picture Show but which has a curious charm and an excitingly expanding fan-base. (390.2578).

celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off to Buffalo with the appropriately trash and leggy hoofing by a large chorus line. (771.9220).

CHICAGO
Camille (Goodman): The first musical produced at the Goodman since 1978 brings Wheeler's version of Voltaire with the music of Leonard Bernstein and the lyrics of Stephen Sondheim. (443.9100).

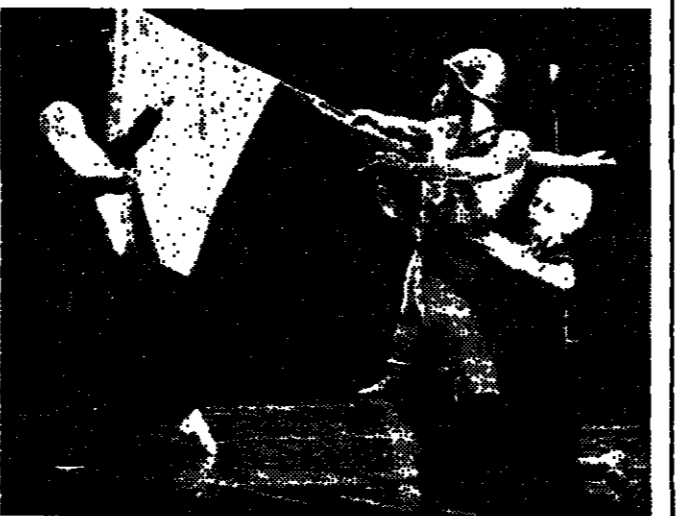
VIENNA
Ensemble Musica Antiqua, led by Bernhard Kiebel, Gabriel, Monteverdi and de Venosa. Museum of Applied Arts (Mon and Tue).

Washington
National Symphony (Concert Hall): Michael Tilson Thomas conducting. Mozart, Berg, Strauss (Tue). Leonard Slatkin conducting. Hayden, Tower, Dvořák (Thur). Kennedy Center (254.3778).

Opera and Ballet

WEST GERMANY
Berlin, Deutsche Oper: Tosca has Pilar Lorenz in the title role. Jenia is conducted by Yury Neumann and has Gabriela Benackova making her Berlin debut in the title role. La Traviata is sung in Italian. Don Carlos is a Gustav-Rudolf-Sellner production. (43.1811).

PARIS
Ballet: The Green Table, a classic ballet originally staged in 1932, being performed by Taz Forum from the Cologne Opera as part of the European Ballet Festival in Brussels. The festival, which started last week and continues to the end of the year, will include ballet from France, Italy, Germany and the Netherlands, culminating in a new work by Maurice Bejart to mark the 25th year of the Twentieth Century Ballet Company.



The Green Table, a classic ballet originally staged in 1932, being performed by Taz Forum from the Cologne Opera as part of the European Ballet Festival in Brussels.

Blockheads/Mermaid
Martin Hoyle
"I dunno, but there's something missing," mutters the director of the first team-effort from Laurel (reluctant, with a star-complex) and Hardy (easy-going, indolent). In fact, it's the bowler hats. Their advent ends Act 1 of the new musical with the stars frozen in well-loved silhouettes.

Six Men of Dorset/Cheltenham

B. A. Young
The 7-84 Company has interrupted its run at the Shaw (not resumed until the 27th) to play Six Men of Dorset for two nights at the Shaftesbury Hall in Cheltenham as part of the Festival of Literature, and two packed and enthusiastic nights they were. If the Arts Council has withdrawn its subsidy to this company on political grounds, it should realise that it is also betraying the cause of art that it nominally stands for.

Mark Hadfield (left) and Kenneth Waller
Mark Hadfield's Laurel is uncannily like, and gratefully seizes the most interesting role: both he and Kenneth H. Waller's amiable Hardy have the immortal mannerisms of Pat. One long comic routine, with a dentist's chair, however, leaves us unsure whether it's being presented as a lovingly reproduced museum piece or fresh and funny in its own right. Like his noble namesake, Mr White-law has an uncertain aim. He must tighten the focus if he doesn't want to bag a turkey.

NORTH WEST PROPERTY FINANCIAL TIMES REPORT

Infrastructure is playing a big part in the take up of industrial sites in the area. In the meantime big schemes in inner city regeneration and mill conversion are going ahead.

Location of sites is an important factor

BY NICK GARNETT

SCHEMES OFFERING directors of companies new cars as an incentive to take up property leases and the flood of promotional literature describing the North West's crop of big refurbishment schemes and office developments, sum up the present state of the region's property market.

Renting levels and purchase prices are generally static and there is an overabundance of available factory and warehouse space. At the same time work has recently started on some of the country's largest projects in inner city regeneration and mill conversion.

The recession has bitten deep into the North West. Its commercial look tired, and far more money needs to be pumped into its infrastructure.

Location, whether it is distribution centres on the M52 or business park developments on the edge of motorway spurts close to town centres, has become increasingly important. Incentives or reverse premiums are common in the battles waged by agents to win clients.

More marked

The variation in the marketing potential of different sites has become more marked, too. Rochdale or Warrington have done well in attracting distribution firms whereas a group of 10 companies in Trafford Park has felt obliged to mount a campaign to secure improvements in the near-Victorian transport infrastructure which characterises part of the site.

Considerable pockets of growth and optimism still make themselves felt, however.

Merseyside's property market is showing signs of buoyancy, especially good commercial Lettings in Warrington have more than doubled over the previous year and are also well up in Central Lancashire.

Small units under 2,000 sq ft have remained popular and, in some areas, agents report healthy selling and renting up to 10,000 sq ft.

Above that size it can be painfully hard for agents. There is so much good quality post-49s single-storey factory space available that mill properties are difficult to shift. Regular travellers along the M62 cannot fail to have noticed the for sale sign that seems to have become a permanent feature on the front of the Ellenroad Mill, near Oldham.

Mill conversions are still in progress across the North West, however, and the units they provide are havens for the small, low-technology, business short on capital.

Conversion of the Red Scar mill at Preston, formerly owned by Courtauld and covering 1m sq ft, has still to be completed. This will provide half a million sq ft for new occupiers.

Apart from a few big names in high technology such as Ferranti and ICL in Greater Manchester, and Plessey in Liverpool, the lack of computer and related manufacturing companies is a worrying problem for the region.

The North West has been a little sluggish, too, in the science park stakes. Those now being developed in a number of locations will be additions to the region's business parks, some centred on computer and related companies (though not universities). Warrington's Birchwood science park is an

example of this type of development.

The pace of development in the region's enterprise zones has quickened too but many of the inward moves have been from just outside the zones' boundaries. The success of the zones has still to be proved and many planners now appear dubious about their value to regional development.

Property companies claim every year that there is a looming shortage of first-class office property in the city centres in spite of the plethora of rent and for sale signs on older office buildings.

A problem

Some of the best office accommodation in Liverpool and Manchester has been let over the last 12 months but the move to the "suburbs" is becoming a problem for the region's inner cities, particularly Manchester. Refuge Assurance is one of the latest examples of a company moving to the conurbation's edge.

Above all, the North West is now characterised by a rash of major schemes. Some of them are industrial conversions like the restructuring of the Storeys plant at White Cross, Lancaster, and the transformation of the Workington ironworks in a scheme scheduled to run to 1988.

Most of the projects though are related to leisure, living accommodation and retailing. They range from the £70m Albert Dock project, the Cavern Walks development in the centre of the city, and the Merseyside Maritime Museum, to the £20m conversion of Manchester's Central Station site into a conference and exhibition centre and the recent completion of that city's science and air and space museums.



The transformation of Liverpool's historic Albert Dock into a "Little Venice" is a £76m project being carried out by the Merseyside Development Corporation, whose chairman, Mr Leslie Young, is seen above on the site.

High priority for high-tech

Cheshire
TOM HEANEY

SEVERAL SCHEMES moving through the development pipeline lend support to Cheshire's view that the county is equipped with assets capable of attracting high-technology industry, a claim bolstered by a report placing it in the top three regions in Britain for hi-tech potential.

Marketing is about to start for Chester Business Park, which is to be built on a 136-acre site to the south of the city centre, providing 650,000 sq ft of low-density, primarily custom-built accommodation. Whyatt Securities, commercial property development and investment arm of Sir Alfred McAlpine, envisages an inter-

national profile to the park's potential occupiers. It believes the development will sell on the strength of its environmental incentives in the setting of an attractive and historic city.

Office and R&D functions are among uses envisaged by Vale Royal District Council and Osborne House (Gadbrook) as partners in the development of a new industrial park in mid-Cheshire. It is planned to provide 400,000 sq ft of two-storey, brick-built accommodation, finished to office standards, on a 60-acre site offering a coverage ratio of only 17 per cent.

The basis of marketing will be design and built, freehold or leasehold, with the developers looking for a minimum unit size of 10,000 sq ft and a rent of £3.50 per sq ft.

A 170-acre greenfield site at Neston, Ellesmere Port, has been identified by Cheshire County Council as a promising

location for a major development keyed to the needs of high technology industry. The project, the centre of local contention at present, goes before the county planning committee in December and critics expect it to be called in by the Government.

Meanwhile, Ellesmere Port is not alone in experiencing a revived demand for larger units on existing industrial estates. It includes sites in the 10,000-20,000 sq ft range and the uptake has made inroads into stocks. The whole of the reclaimed 26 acres at Portside, Ellesmere Port, with sites offered at £30,000 an acre, has found potential takers.

Development leaders at Crewe and Nantwich say the more active inquiry for larger units is being reflected in a definite improvement in lettings.

Better year for all sectors of the market

Merseyside
IAN HAMILTON FAZEY

DESPITE THE region's economic depression, Merseyside's property market has rarely been so buoyant. Industrial lettings are up, good commercial property is moving and the retail sector in central Liverpool at least is having a good year.

Whether or not a corner has been turned will become clearer this autumn when the seven floors of new offices atop the birthplace of the Beatles come on offer. Asking price will be near £5 per square foot—important new threshold in rental growth.

The offices are in Cavern Walks, a new building in Mathew Street which incorporates the restored, original Cavern as a basement nightclub. The narrow back street, newly paved and pedestrianised, is an obligatory stop on the Beatles trail for thousands of tourists from all over the world, a vital factor in marketing the impressive, galleried arcade of up-market shops that comprise the development's split-level ground and mezzanine floors.

Royal Life, which developed Cavern Walks speculatively, is very pleased at the retail response. So are the companies which have taken the shops and cafe: business always appears to be booming, with plenty of people spending money.

The first floor of offices has been subdivided into small units, with sizes ranging from 240 to 400 sq ft. Rental will be an all-in £20 per foot, including use of centralised secretarial and office services. Target market for Cavern Walks is the professional service sector, which includes architects and consultants.

advertising agency on one of the upper floors, now become British Telecom's tenants.

However, there remains a shortage of good office space in Liverpool. British Land is, therefore, confident about the 65,000 sq ft block it is constructing behind a conserved facade a couple of hundred yards from Imperial buildings. A similar distance away, on the site of the abandoned Exchange station, the conserved frontage of the old Exchange hotel masks an even larger development by English Electric, due for completion in March 1986.

Movement into such offices is predominantly by Merseyside companies on the way up, which testifies to continuing and important new threshold in rental growth.

Even good refurbished accommodation has been making £5.70 per sq ft.

Things are even stirring in the industrial sector, with overall occupancy showing net gains after years of losing tenants. About 20 per cent of English Estates' national record 5m sq ft of lettings last year were in its Merseyside region.

Small units have done well: after sticking solid for nearly a year, those built by the Merseyside Development Corporation have been nearly filled and now present a thriving look to the passer-by. Managed workshops converted from old transit sheds in the disused south docks by E.A.T. Industries are also full and thriving.

No one pretends that there is not a long way to go, particularly with bigger or medium-sized units, but there is a feeling in the Merseyside property marketplace that has not been evident so far in the 1980s. It is unfamiliar enough for its discovery to come as something of a shock. It looks suspiciously like optimism.

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NORTH WEST PROPERTY 2

Interest stays highly selective

Manchester

ANY NEW industrial property project in Greater Manchester outside the Salford/Trafford enterprise zones "is now virtually unobtainable," claims a local developer who has just broken ground on a limited first phase of a speculative development at Trafford. It is not a view shared by the same developer by everyone.

John Townson, managing director of Townson Developments (Lancashire), an active developer both sides of zone boundaries, says that although the market outside remains patchy, "activity levels are much better than last year." Interest in buying second-hand buildings had been especially active.

Elliot Partnership describes inquiry for modern units as "very good" and says last year's 1m square feet of new construction handed by the company as agent was overtaken in the first five months of this year.

Hopes were earlier encouraged by a survey by agent Grimley and Son claiming that two out of every three medium-sized companies in the Manchester area plans to expand, most within a year and many into new premises. Nevertheless, choice of sites outside the zones for speculative developments on any scale other than small units, remains highly selective, with first-class communications ranking high in the criteria.

Stockport Motorway Estate, a new joint venture by Townson Developments and Slough Estates, typically reflects this pre-condition. It is located close to a junction of the M63 and a link to the national motorway network and is within 10 minutes' drive of Manchester International Airport.

It has made a promising start with a first phase of 125,000 sq ft, including pre-lets for the first two units and with a third under negotiation, together

representing one-quarter of the total space, at £2.15-£2.20 sq ft. The growth to more than 1m sq ft of a Royal Life-John Finlan joint venture at Middleton, Manchester, owes much to its short link to the M62. The latest phase of 130,000 sq ft, the fifth, included a 80,000 sq ft pre-let. Motorway access applies equally in the case of Royal Life's industrial estate at Worsley, Manchester, but its nearness to the enterprise zones may be inhibiting its rate of progress matched against the Middleton development. The shadow of the zones reaches out well beyond a single estate.

Some developers investing in the zones admit they are an interference with the market, even if not as damaging as some critics claim. In the Salford sector, getting on for 750,000 sq ft of new industrial space has so far been built or is in the pipeline and eight developers are involved in speculative units.

It is estimated that 150 companies are now located in the sector, 35 per cent from pre-designation, and the number of jobs involved is put at about 1,500. Rents range from £1.70 sq ft for a large refurbished building through to £3-plus for fully-fitted offices.

The largest single development in the Trafford sector is an investment of £20m by the Daily Telegraph in a new northern production centre of more than 120,000 sq ft. Inquiry is described as buoyant with nearly 100 companies so far located or about to move in.

Manchester agent Guest Shaw identifies the 100 per cent industrial building allowances in enterprise zones as a significant plus point, making them even more attractive when allowances outside the zones have been reduced and are due to disappear entirely in 1986.

Acting for Fearnley Industrial Developments, it has sold freehold investments for IBA purposes in Stowell Technical Park, Salford worth £1.53m. It has also sold a further £270,000 worth of long leasehold IBA investments in Waterway Enterprise Park, Trafford, for Matind.

Steady take up of mill sites

Lancashire

THE DECLINE of traditional industries accentuated by recession has left Lancashire with a large surplus of vacant, often old, industrial floorspace. Unoccupied footage rose from 2.6m sq ft in 1978 to 7.3m by 1981 and county planners say there is no reason to believe it has done anything but increase since.

Lancashire Enterprises, the industrial investment arm of Lancashire County Council, is not alone in supporting the view that with conversion and refurbishment some of it can be made to meet a very real need for cheap accommodation at a time when fostering small business enterprises ranks for so much national attention.

At White Cross, Lancaster, the company is involved in one of



One of the shops in the Alexandra Craft Centre in a refurbished mill at Uppermill, near Oldham.

the largest refurbishment programmes in the North West, involving one million square feet of buildings left by the closure of Storey Brothers in 1982 with the loss of 650 jobs. Units are being offered in sizes from 100 sq ft intended for office use up to 45,000 sq ft and it is intended to make around 750,000 sq ft available under a ten-year programme. Most lettings so far have been in the 1,000-10,000 sq ft range. Overall lettings are described as very encouraging.

White Cross is one of a number of similar schemes being undertaken by Lancashire Enterprises, which now controls a property portfolio of more than 1m sq ft.

New development hopes are perhaps highest in north east Lancashire's enterprise zone and in the coastal strip most directly involved in onshore support for the £1,000m investment by British Gas in its new Morecambe Bay field.

The tempo of property activity in the Lancaster area, where new developments include a £7m industrial park by the City Council and Henry Doot close to the Heysham supply base, has shown signs of quickening, boosted by demand from incoming offshore gas and oil-related companies.

Nine months after designation of the north east Lancashire enterprise zone, new construction is in progress on six of the seven sites, with well over 500,000 sq ft committed, mostly for owner-occupier use.

North East Lancashire Industrial Development Association, promotional agent for six of the sites, says it is extremely pleased with progress. Gains in Rosendale, which is undertaking its own marketing, include a film factory for an American company.

At Blackpool, English Estates has started work on the 58,500 sq ft first phase of the new Blackpool-Flyde industrial estate strategically located on a 70-acre site at the end of the M55.

New era for the waterfront

Reclamation

IAN HAMILTON FAZEY

The transformation of Britain's largest group of Grade One listed buildings into a modern community of offices, shops, apartments, restaurants, pubs, a museum and an art gallery, all set in its own "little Venice," is under way — and impressively so.

As a piece of urban reclamation it promises to outdo even Liverpool's international garden festival in terms of achievement and that, since the festival involved 250 acres disused dockland, petrochemical tank complexes and a massive household rubbish tip, is saying something.

But, whereas the future of the garden festival site and its buildings is still undecided, and another political football between central and local government, there is no doubt about the future of the new development.

The buildings are the former derelict warehouses of the Albert Dock, close by the Liverpool Pier Head. Their reclamation is the centrepiece of Government plans to revive Merseyside's ailing regional economy. But the £70m project is also a high-profile example of how to make co-operation work between public and private sectors in large redevelopment projects.

The Albert Dock, designed by Jesse Hartley, was opened by the Prince Consort in 1846 and was an important factor in the rise of Liverpool. The dock, a watery quadrangle hemmed in by warehouses, enabled cargoes to be unloaded straight into store for greater security and ships turned round faster.

Only three years ago its abandoned dereliction had come to symbolise the collapse of Merseyside's

economic structure and the impotence of everyone to do much about it. Unhappily beautiful, it was a dilapidated monument to former riches. It also had 1.25m sq ft of space going begging.

Commercial life returned to the Albert Dock in August with the opening of the first of a galleried arcade of up-market shops and blocks. At the same time, Merseyside maritime museum put on its first exhibition in the warehouse that will be its new home. With the scheme ready for the finish of the Tall Ships' Races this summer, the development got a flying start. Tens of thousands of people visited the dock to see the ships moored at the quayside.

The private sector developer is Arrowcroft, the London-based property group which has carried out several restorations and refurbishments around the country, though never on this scale. David Phillips, of Arrowcroft's agent, Sykes Waterhouse, says that levels of inquiries continue to be "fantastic." The first quarter of the development went in a rush, boosted by one prescient letting as Granada TV took one colonnaded building for the relocation of news operations and studios from Manchester.

Judging from the 300-plus serious inquiries there looks like being no difficulty in selling the 150 flats — at prices ranging from £40,000 to £70,000 — even though they are still more than two years off. These will have views over the Mersey.

The first office occupiers are moving in this Autumn and the next phases of development are well advanced. A decision is expected soon on the Tate Gallery's taking one block as a permanent home in the North. Already the development is helping to transform the look of central Liverpool and its waterfront — and with many a new brick laid.

Where small is beautiful

Cumbria

TOM HEANEY

Estates, which has a total portfolio in excess of 2m sq ft in the county and is marketing a wide range of unit sizes, particularly in the Workington Enterprise Zone. As elsewhere, small unit sizes are the most readily lettable.

One of the latest developments is a £400,000 investment providing 19 factories and workshops on Maryport's Solway estates, within the enterprise zone, in sizes ranging from 450 to 3,500 square feet at rents starting from £25 a week.

A major contribution to the development potential of the 218-acre zone is expected to be made by the site of the former

Workington ironworks. More than £2m has been spent transforming the area and putting in infrastructure under an initiative led by Cumbria County Council.

The ironworks site now enjoys the more felicitous name of Derwent Howe and the intention is to provide a fully-served industrial park offering a wide range of plot sizes attractive to private sector investment. The works programme extends to 1988 with a total budget approaching £15m.

According to David Thomas, some manager, a lot of interest is being shown in the project. In the zone generally, the majority of new units were

finding occupiers "almost as soon as they are finished."

Inward investment was being attracted and was expected to accelerate as the spin-off potential of a number of large capital projects in Cumbria was realised. Heading them was British Nuclear Fuels' planned expenditure of £5,000m over the next 10 years, two-thirds of it at its Sellafield site.

"Workington Enterprise Zone will be one of the most competitive in the country in rental and land values," claims Mr David Thomas. Plots start at £12,000 an acre and rent levels work out at around £1.75 sq ft.

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Turning point brings renewed interest

New towns

TOM HEANEY

TWO OF the North West's four new towns reach a turning point, as presently admitted, in 1985. The development corporations for Central Lancashire and Skelmersdale are due to wind up, bequeathing industrial assets not sold in the meantime to the Commission for New Towns. If the present improved momentum of activity can be maintained, they will do so in better shape than seemed likely not so long ago.

In the 12 months to end-August, Central Lancashire let a net 233,000 sq ft of floorspace, an increase of 28.9 per cent on

the net 173,000 sq ft for the comparable period of 1982-83. Inquiry was up 23 per cent.

Units as elsewhere, have been readily lettable, but standard factories in the 15,000-20,000 sq ft range have been sluggish. However, there is evidence to support the view that larger units are also being taken up.

Two 30,000 sq ft units have been let at Walton Summit, a 22,000 sq ft unit at Chorley North, with a further 11,000 sq ft under negotiation, and a 16,000 sq ft unit in refurbished person at Bamber Bridge has found a national tenant. But a warehouse of 140,000 sq ft at Walton Summit has still to find a taker.

The largest scheme still to be completed involves the vast Red Scar complex at Preston, formerly occupied by

Courtaulds, covering a million sq ft on a 150-acre site. An estimated 500,000 sq ft will be available for industrial use when a major refurbishing operation is completed. So far 27 units have been let or sold and prospects are rated as promising.

An upturn of interest in larger factories is confirmed by Skelmersdale Development Corporation, which reports "very clear signs" of more potential activity in units of 10,000 sq ft and above. So far lettings generally are running only slightly above last year, but an encouraging development has been the increase in local companies taking additional space.

Skelmersdale's industrial and commercial properties will be transferred to the Commission for New Towns from April next year. Altogether about 100

factories are involved. A date has yet to be announced for winding up Warrington-Runcorn Development Corporation, which is having a busy 1984. In the first five months of its current financial year more than 500,000 sq ft of floorspace was let, 150 per cent up on the same period last year, and the 900 jobs created were twice as many as last year. New signings are averaging a dozen a month, with a spurt in June to a best-ever 26.

In floorspace terms, the improvement has been boosted significantly by a German company taking 62,000 sq ft and an existing occupier expanding from 16,000 to 45,000 sq ft, both at Runcorn. Expansions accounted for 20 lettings in the five months, up threefold. Warrington-Runcorn identifies

reviving activity in mid-range units between 5,000-10,000 sq ft, a difficult area for some time.

The better demand has encouraged the development corporation to review its forward plans. Gemini Business Park is to be opened up in one of the largest unit developments undertaken for five years, with 100,000 sq ft planned in unit sizes between 3,000-10,000 sq ft, including a high office content, intended for the sales and distribution market.

A start is planned early next year on a 90,000 sq ft development of industrial units to open up Manor Park, Runcorn. A start has been made on Birchwood Science Boulevard, where the first two 10,000 sq ft pavilions have been built and signed up.

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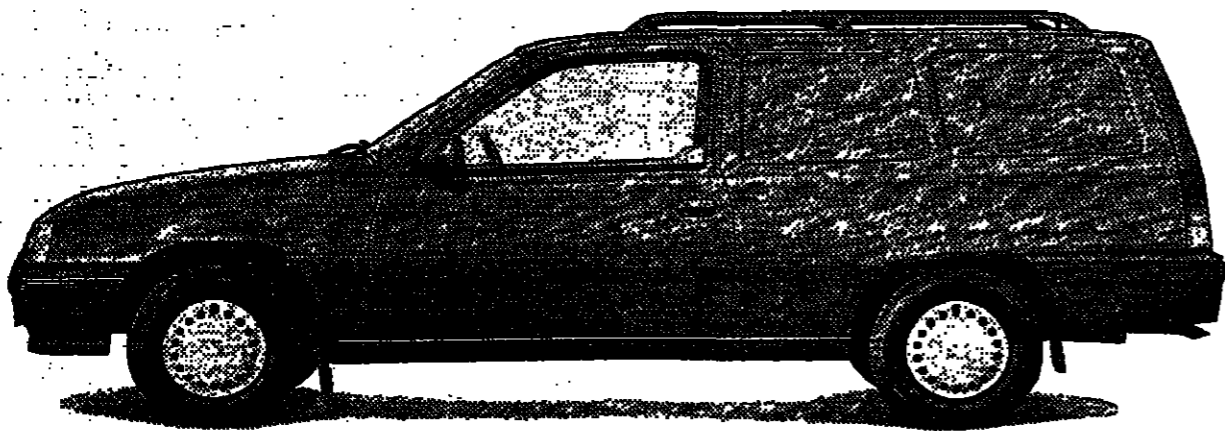
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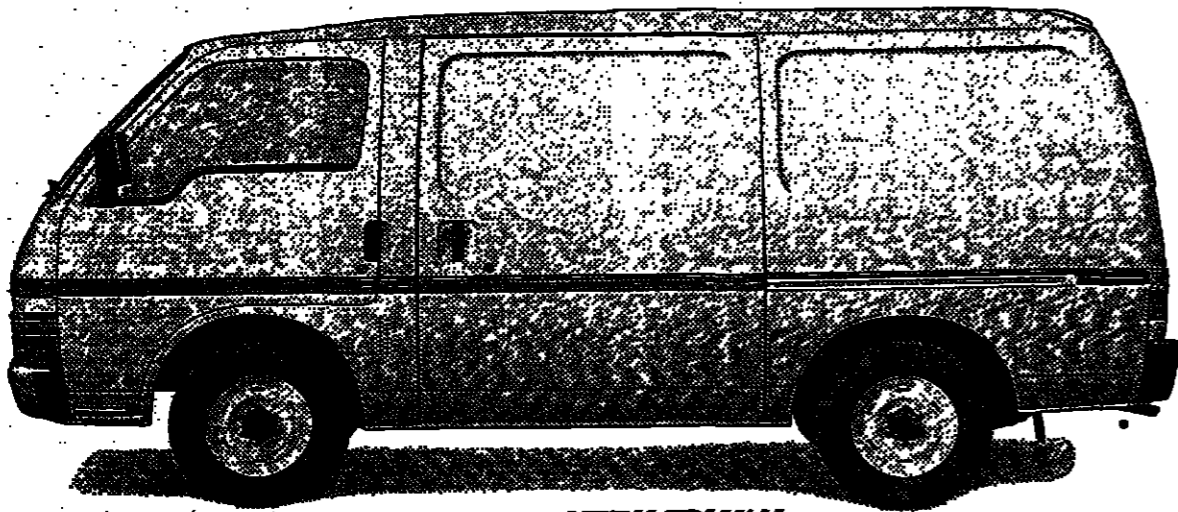
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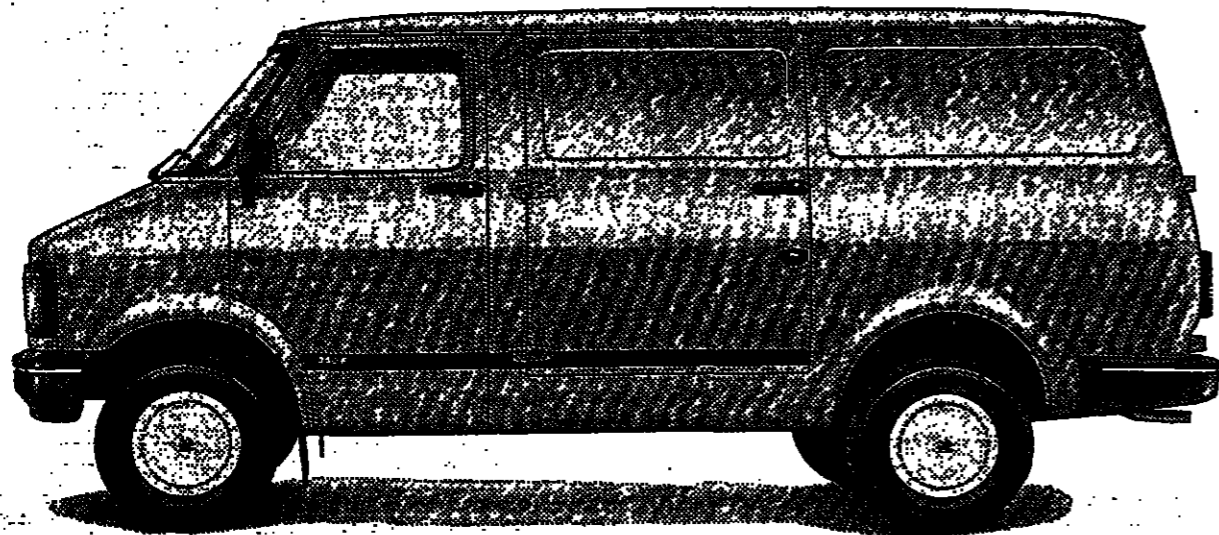
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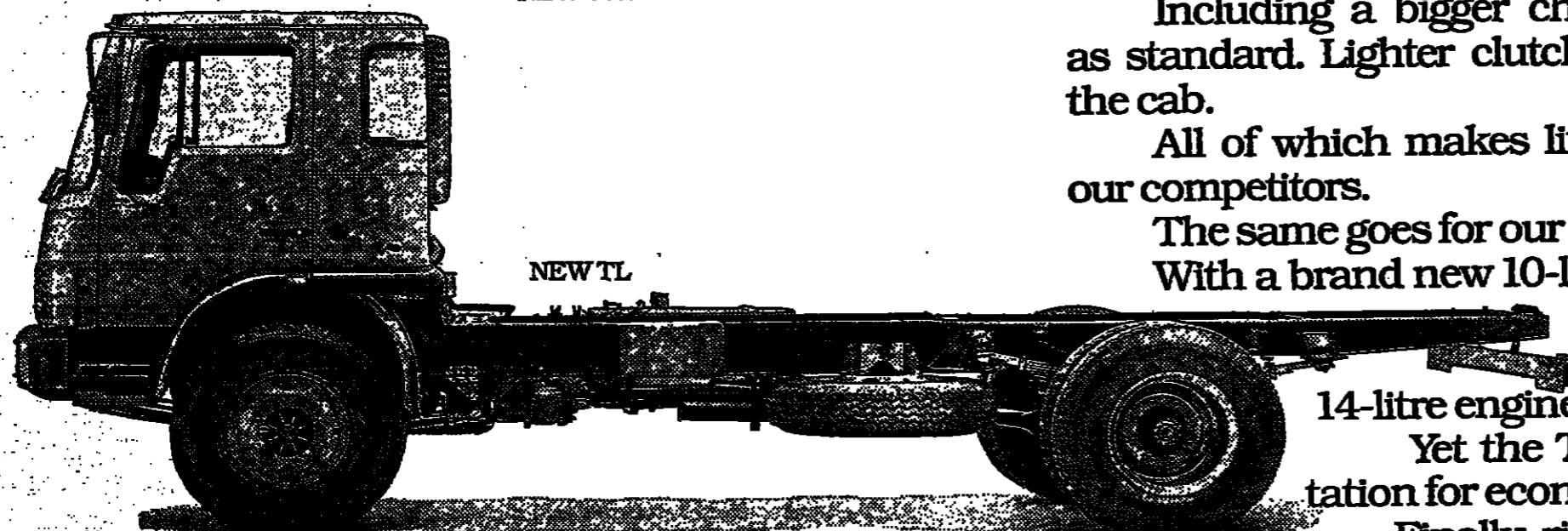
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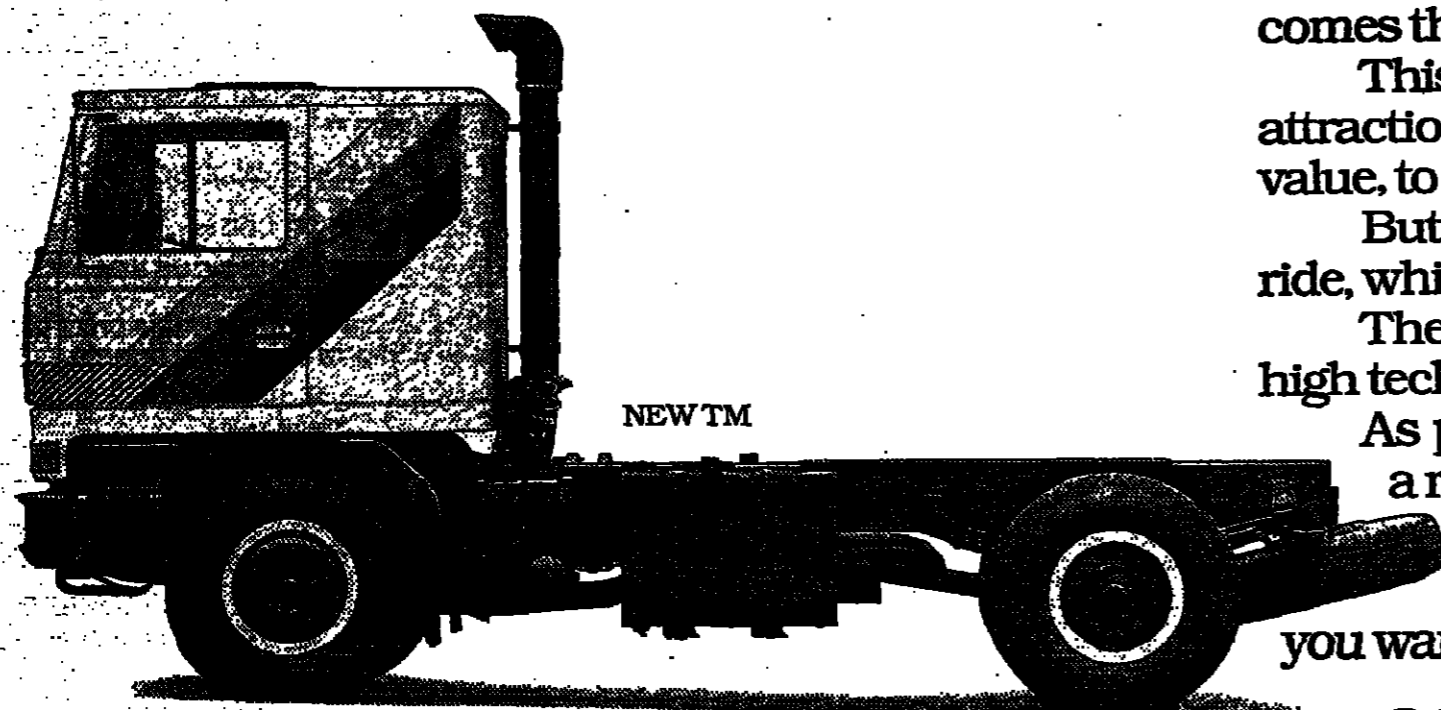
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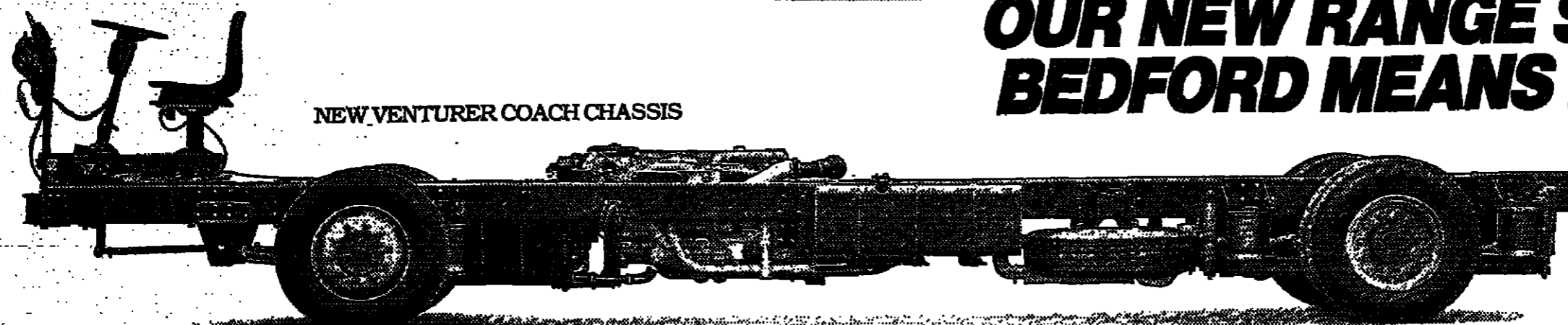
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FRANCE'S SAGGING ECONOMY Down to earth with a bump

By David Housego in Paris

Barriers to integration

THE UK motor industry is up in arms over the Government's decision to support the European Commission's latest proposals for limiting car price differentials in the Common Market. Much of the opposition motor manufacturers and others stems from a misunderstanding of what the Commission is actually trying to achieve in its new draft legislation. As Mr Norman Lamont, Minister of State at the Department of Trade and Industry, said last night, the Government is not about to "allow the Commission to exercise its powers so as to destroy much of the British motor industry."

The objectives of the Commission are relatively modest and can in no sense be regarded as an attack on the profitability of the UK motor industry. The starting point for officials in Brussels is the undeniable fact that the franchised dealer network operated by the major manufacturers for many years contravenes the competition requirements of the Treaty of Rome. The Commission has agreed to grant the motor industry a relatively modest exemption from the ordinary competition rules provided it meets certain conditions — for example that car price differentials do not deviate too far without good reason.

Differentials
 Consumer organisations have questioned whether the logic behind the block exemption is sound. The Commission argues with little conviction that exclusive dealerships confer many advantages on consumers and are, therefore, worth protecting. There may be some advantages — in some instances exclusive dealerships may enhance competition between manufacturers. But there are also disadvantages. A House of Lords select committee recently concluded that franchised dealerships "have reduced and distorted competition and, at least in the UK, have made possible pricing policies which have been manifestly disadvantageous to the consumer." But a block exemption seems inevitable if only because the Commission lacks the staff to scrutinise individual distribution agreements.

There are many reasons why car prices may deviate from different EEC countries including exchange rate fluctuations, price controls and different tax regimes. But it is undeniable that in the past few years persistent price differentials have existed which cannot be explained in this way. In particular, there is little doubt that European producers have taken advantage of the unusually high price base of the British motor industry to charge British consumers excessive prices for cars not manufactured in the UK. It is also undeniable that the exemption which prevents the motor industry from using its dealer network to maintain artificial price gaps by impeding the normal operation of market forces. The Commission's aim is to attach conditions to the block exemption which prevent the motor industry using its dealer network to maintain artificial price differentials. There are two main safeguards. First, the Commission will regard a 12 per cent differential which exceeds 12 per cent and persists for more than six months as grounds for an investigation. The block exemption would only be removed if there was no adequate reason for the price gap. If it is reflected in factors such as tax policies, price controls or exchange rate fluctuations no action would be taken.

Mr Marcos takes IMF medicine

PRESIDENT Ferdinand Marcos of the Philippines has been thrown a much needed lifeline at a time when his 19-year-old regime has never looked so vulnerable. The agreement reached in New York late on Wednesday night with the country's leading commercial bank to reschedule part of the Philippines' \$25bn foreign debt burden came not a moment too soon. It followed the long-awaited signature at the weekend of the country's letter of intent to the International Monetary Fund whose influence on the fate of President Marcos and on events in the Philippines is proving decisive.

Under the terms of the deal with the IMF, President Marcos has finally agreed to implement a series of austerity measures which are likely to cause severe economic retrenchment and could provoke popular unrest. The measures include cuts in government spending, controls on money supply and credit growth and a flexible exchange rate for the country's currency. The implications of these measures are likely to be that oil and other commodity prices will rise even further, inflation could reach 70 per cent on an annual basis by the end of the year and companies, faced with higher costs, will lay off workers, pushing up an already high unemployment rate.

Instability
 Independent economists are forecasting that the economy could contract by as much as 3 to 4 per cent this year. All this is very serious for President Marcos who has justified his autocratic rule over the past two decades on the premise that it has been needed to deliver healthy economic growth. In fact, since he came to power in 1965 the Philippines has gone from being one of the fastest growing economies in south-east Asia to one of the slowest. Compared to many of its neighbours the average annual growth rate of 3.4 per cent in the 1970s is a poor performance. The IMF's medicine was,

FEW OTHER countries in Western Europe have experienced so dramatic a rise and fall in their post-war economic fortunes as France. From being Europe's high performer in the 1960s, the country now faces a lengthy period of low growth. Eleven years ago Herman Kahn's Hudson Institute predicted that France would be the major economic power in Europe by 1985, outstripping West Germany in the size of its total national output and rivaling Sweden in terms of income per head. The Hudson Institute gave an exaggerated account of French prospects but it caught the mood of optimism at the time about the country's future. M Raymond Barre, the former French Prime Minister, still admits, that he held similar views about France's potential. From 1967 to 1973 the French economy grew at an average annual rate of 5.6 per cent a year in line with its strong expansion since the late 1960s, and 0.8 per cent above the average for an also fast-growing EEC. This gap had narrowed to 0.4 per cent between 1979 and 1982 when France's growth rate slumped along with the rest of the world. Between 1983-1985 France, on OECD figures, will run an average growth rate of 0.5-1.0 per cent below that of her European partners, with an expansion of real GNP of 1.2 per cent a year.



M Giscard d'Estaing

The shake-up in French economic thinking that the recession has forced, along with the growing convergence between left and right over economic policy, and the new emphasis being placed on entrepreneurship, hold out prospects for a return to higher growth rates in the 1980s. "But whatever the government in power," says a former senior official, "I see no way France can avoid low growth for the rest of this decade." His judgment is borne out by the Plan Organisation which forecasts growth rates of between 1.5-2.5 per cent for France through to 1988—below expected growth rates elsewhere in Europe.

But the dip in France's growth rate below that of her European partners is not the only sign of the weakening of her economic and industrial competitiveness. As the OECD shows in its latest report on France, foreign manufacturers have dramatically increased their share of the French market over the past 15 years. Import penetration for industrial goods as a whole grew from 19.3 per cent in 1970 to 36.7 per cent in 1983. At the same time, France's share of OECD exports, which had risen to 9 per cent by 1979, fell steadily to 7.9 per cent by 1983.

French industrial investment which grew by 6.5 per cent a year over the period 1968-1973 has stagnated since then. It declined in real terms by an average 3.3 per cent a year between 1981 and 1983. France has now an increasingly ageing capital stock. Gains in productivity have

also fallen off. While productivity per man-hour in French industry grew by 5.6 per cent a year between 1969-74, the rate slowed down to 4.3 per cent between 1975 and 1982. Since 1979 two of the major sectors used to have a competitive edge have been in trouble. Foreign car manufacturers have increased their share of the French domestic market from 22 per cent in 1979 to 33 per cent last year. This sharp rise in import penetration has not been offset by a surge in exports. France's share of the EEC car market has fallen from 33 per cent in 1979 to 24 per cent last year. The country has also been losing out in the market for turnkey projects and capital goods orders from developing countries. This was one of French industry's strong areas in the 1970s. In fact, the only two sectors in which France continues to be an export leader are the armaments and aeronautics industries—in both of which the Government is closely involved.

BT loses Enterprise man

Colin Crook's sudden departure to Data General, the U.S. computer manufacturer, is a blow to British Telecom just before its flotation. When he joined the Board a year ago as managing director of BT Enterprises, Crook, aged 42, brought with him a healthy, go-getting entrepreneurial style—the mark of his years in U.S. high-tech industry. He worked for NASA on the guidance system for the Apollo moon landing and, later, for Motorola, a group operations director, he was responsible for its microcomputer business. Crook, who started as a computer designer for Plessey, returned to the UK in 1979 as managing director of Radio Frequency Industries and, in 1980, set up Zynar, a new trading division, developing micro-computer network systems, for the Rank Organisation.

Men and Matters

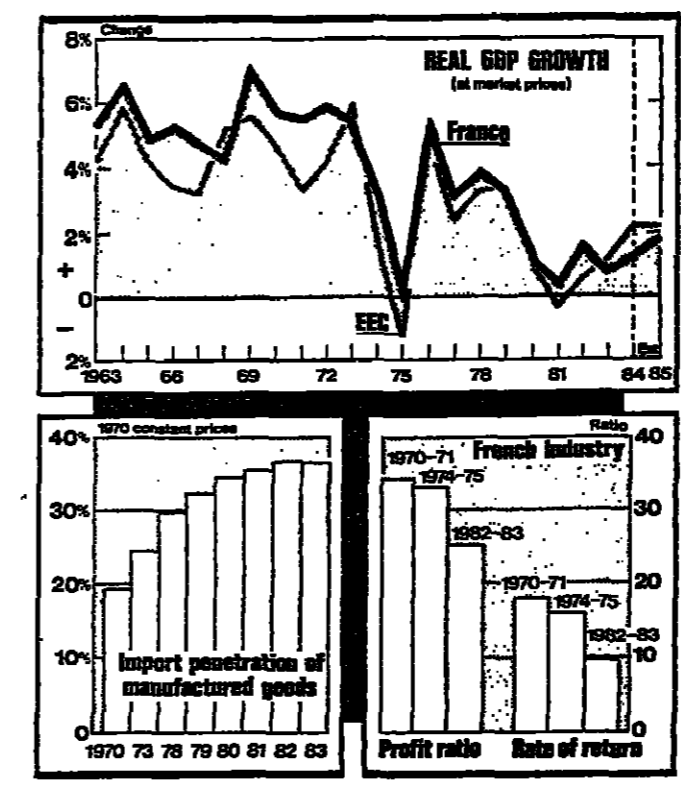
The Stock Exchange, City of London Police and 28 Scotland area among the 28 corporate teams entered and some 25 top sports clubs will be taking part. All entry fees will go to Capital Radio's charity "Help a London Child". The winning corporate team will get a cup and £150 dinner—the second will be fitted sports shoes ready for the next race.

Work out

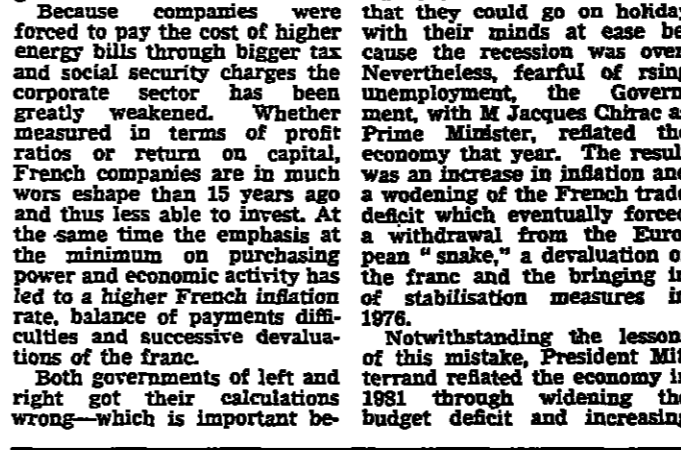
If ever a man could claim to have worked himself assiduously out of a job, it is Geoff Armstrong, BL Cars employee relations director who, it was announced yesterday, is leaving to join the Board of Metal Box. Armstrong, 37, took over the hot spot at BL five years ago, just as Sir Michael Edwards was pushing through the traumatic programme of redundancies, factory closures and changed work practices. Then Armstrong was responsible for 120,000 employees. Now the number is down to less than 50,000. Not all the reduction has been done with the jobs axe, Armstrong has exerted a calming influence during the industrial conflicts of recent years and, trusted by the trade unions, has guided the break-up of the old central negotiating machinery to clear the way for the Government's privatisation plans. Land Rover was first to establish its separate bargaining unit. The Jaguar flotation followed. That left Armstrong with merely the Austin Rover group—its workforce cut by half since he joined—and Unipart. He must count himself lucky on the timing of his move to Metal

City run

City endurance is to be put to the test again on Sunday, World record athletes Ron Clarke—managing director of Cannon Sports Club—and Dave Bedford have organised the Square Mile's first ever road relay race. Sponsored by stockholders Grievson, Drant, the event will consist of six laps of 4.5 km over Blackfriars and Southwark bridges.



REAL GDP GROWTH (at market prices)
 Source: Bradu Radovic



Import penetration of manufactured goods (1970 constant prices)
 Profit rate / Rate of return (1970-71, 1974-75, 1982-83)
 Source: Bradu Radovic

The growth illusions that dominated the past decade are being dispelled

In the summer of 1975, President Giscard told the French that they could go on holiday with their minds at ease because the recession was over. Nevertheless, fearful of rising unemployment, the Government, with M Jacques Chirac as Prime Minister, related the economy that year. The result was an increase in inflation and a widening of the French trade deficit which eventually forced a withdrawal from the European "snake," a devaluation of the franc and the bringing in of stabilisation measures in 1976. Notwithstanding the lessons of this mistake, President Mitterrand refuted the economy in 1981 through widening the budget deficit and increasing



President Mitterrand

On both left and right there is now widespread acceptance that at a time of fast-changing products and markets, the dominance of the state has slowed French adjustment. "Our studies at the Plan," says M Michel Albert, head of the organisation from 1978 to 1981, "showed that there was no correlation between the most competitive sectors of industry and those that benefited from industrial policy." He adds: "Generally speaking, aids are not vitamins but drugs."

A third reason for France's declining competitiveness is that the country is now (like many others in Europe) shouldering the burden of rigidities in the economy that have accumulated over a century or more. These are less supportable at a time of low growth. They include a high-cost and grossly overstuffed banking system; cumbersome state monopolies like the Caisse des Depots (the institution which largely channels funds to local authorities); a welfare system beyond the country's resources, and labour regulations that discourage companies from taking on new staff. In retrospect, most political leaders believe that they had no alternative but to pursue the

politics they did, particularly since the high growth rates of the de Gaulle and Pompidou years had left behind a legacy of social inequalities. The pressures seemed greater because of the memories of the mass demonstrations of May 1968 and because M Giscard had only scraped home to victory over M Mitterrand in 1974.

When M Barre took over as Prime Minister in 1976, he showed that the increase in real wages. But he was insistent on maintaining purchasing power—thus differentiating France from other industrialised countries where adjustment has been accompanied by a fall in living standards. M Barre's fear was that any repetition of the right's deflationary policies in the 1930s would produce the same traumatic social explosion. But M Barre's squeeze on living standards and the rise in unemployment in 1976 gave fresh impetus to Socialist promises to refit the economy. When President Mitterrand came to power in 1981, he was none-the-less warned, as Giscard had been, that long-term growth depended on holding down household incomes. "I was probably not courageous enough in spelling out the dangers," says one senior official, "I tried to keep the increases to a minimum to limit the damage." But even that was not easy in the euphoria of the left's victory in 1981.

The revolution in economic thinking now taking place in France is dispelling the illusions that have dominated the last decade. "We have now recognised that the emphasis by both left and right on diminishing the power of the state and in the growing agreement on the priorities of economic policy. All these factors could bear fruit in the 1990s. But for the immediate years ahead, there is no option but slow growth for at least three reasons: 1. The weakening of French industry means that any pick-up in growth would immediately put strains on the balance of payments because of the fresh surge in imports of investment and consumer goods. 2. The shift of resources to the corporate sector has only just begun so that real incomes will have to be held down if this is to continue. 3. Repayment of foreign debt (now around FFR 600bn) will impose an additional burden on the economy of FFR 100bn a year in the late 1980s. France is now entering a new three-year electoral cycle—spanning the 1986 National Assembly elections and the presidential election of 1988—just as the world economy is once again slowing down, and difficult decisions remain to be taken.

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VICTORIA PLAZA

Trade drive

A metal trader, working not a million miles from London's Tower Bridge, took some clients to dinner at an up-market Indian restaurant. On arrival, he handed his car keys to a fellow standing by the restaurant entrance and asked him to park the car. Dinner over and bill paid, the trader asked that the car be brought round by the doorman. "Sir," said a bemused waiter, "we have no doorman." The up-market Ford car is still missing.

Duty calls

The decision of the Irish Government in the midst of its mounting economic problems to cut—yes, cut—the duty on spirits by the equivalent of £1.45 a bottle has led it into unexpected difficulties. While there is a tried and tested Irish system for increasing taxes (after all that has happened often enough) no blueprint exists for reducing them. No one in Dublin had ever imagined that such a thing could ever happen. As so often in Irish history the Dublin government's hand has been forced in this matter by event on the border. The 200-mile, largely unpoliced, border with Northern Ireland, has proved a godsend for smugglers with recent savings of up to £4 a bottle on booze purchased in the north. Estimates of the illicit trade range from £50m to £100m a year, and the republic's finance minister, Alan Dukes, has calculated that he would lose little or no revenue by reducing

By the way

The Governor of the Bank of England refused to be drawn on monetary policy at the Mansion House dinner last night. But he promised a major speech on the subject next week before a university audience. "You may draw what inference you please," he said, "trifling the diners' curiosity, 'from the fact that the university is at the other end of the M2.'"

POLITICS TODAY: THE MINERS' STRIKE

Time for one last peace bid

By Malcolm Rutherford

MR NORMAN WILLIS, the new General Secretary of the TUC, said in a BBC radio interview on Wednesday that the miners' strike was the biggest dispute in this country this century...

of his wilder statements. The TUC could also point out the immense harm that the strike is doing to the union movement as a whole...



Mrs Thatcher during her closing speech at Brighton

Energy supplies are no longer unduly hard to come by

role in the affair, which consists of pretending that it has no direct responsibility for the outcome, while everybody knows that its fortunes depend upon it...

It is conceivable, even now, that the dispute could be stopped by Mr Peter Walker, the Energy Secretary...

The TUC could ask Mr Arthur Scargill, the NUM President, precisely what kind of industry he wants and insist that he give up some of his more ridiculous demands...

It may fail, but it may be important many months on for it to be seen to have been made. The Government may need all the support that it can get during what could be a very bleak and bitter winter...

miners' strike of 1973-74 for a comparison—the one that brought to an end the Government of Mr Edward Heath. The circumstances then were quite different...

at the pits and at the power stations. It can also be imported, as is already happening. The conclusion is that this country is energy-rich at a time of energy surplus...

There is also a political point. Mrs Thatcher's administration does not even have to entertain the thought of holding an election on the miners' issue...

Besides, it would be naive to imagine that Ministers have not drawn their own deductions from what happened 10 years ago. They did actually see Mr Heath's Government humiliated to the point of committing suicide...

Hence Mrs Thatcher did not take on the miners during her first term. Hence the build-up of coal stocks at the power stations before the confrontation that is taking place now...

That is why I think that the Government could sit out a stoppage through the winter and is ready to do so. The main question this week, however, is whether there should be one more attempt at a settlement...

Here it comes back to what is meant by "winning". In a sense, it seems to me that the Government already has achieved a significant victory. It has survived eight months of the coal strike without there being a major economic or political crisis...

Moreover, the Government still has one very powerful weapon up its sleeve. It can go on if it has to. Yet it is precisely that confidence of ultimate victory which should compel a pause for thought now...

Mrs Thatcher has often said that there would be no beer and sandwiches at No. 10 under her administration. It is not clear why that dictum should be elevated to a principle that can never be violated...

Mr Ian MacGregor, the chairman of the Coal Board, has many qualities, but he has not emerged as the most subtle or consistent of negotiators, as many of those who watch television will testify. Mr Walker, on the other hand, wins plaudits all round. It would be absurd to risk a full-scale strike throughout the winter merely because of a dogmatic belief that there should be no direct ministerial intervention in a dispute...

As I wrote, such an attempt might very well fail. But in

The Government is ready to sit it out

matters like this, and in the winter that we might be facing it is terribly important to try to take people with you. Mrs Thatcher might like to remember some words of Mr Enoch Powell a few weeks ago: "The word 'revolution' is too often lightly used; but it is not an exaggerated description of the drastic nature of the change to which our society has been subjected and of which the most gross and visible symptom is the level of unemployment..."

He then compared the violence on the picket lines to the machine smashing and rick burning of the early decades of the last century. There is something in the analogy. The time is ripe for a call to the TUC before winter sets in. Collins, Published 1979.

Lombard The death of macroeconomics

By Michael Prowse

THE LATEST development in economic theory is the death of macroeconomics. Anybody who doubts the macroeconomics has died of the fatal illness it contracted in the 1970s should look no further than Robert Barro's brilliant textbook, Macroeconomics, published this year...

It has to be said that Barro, an acknowledged leader of the influential "new classical" school which has taken the economics profession, especially in the U.S., by storm, performs the Keynesian burial rites with a certain panache. He is, after all, in a uniquely appropriate position to pull the shawl over the prostrate Keynesian body...

Barro offers the profession an attractive way out: simply drop those macroeconomic lectures altogether. It must be admitted that Barro, with his undoubted ingenuity and intelligence, does succeed in providing a fairly plausible micro rationale for many macro phenomena...

All too aware that in both the UK and the U.S. there remains a small, albeit rapidly ageing, band of diehard Keynesians, Barro takes care to explain why, in a book on macroeconomics, he has relegated the traditional Keynesian synthesis, with all its parables of IS and LM curves, to a chapter 19 — the permissive section of his new book. Keynesian theories, says Barro beguilingly, are an "advanced topic"; it is quite wrong to expose students to them until they have fully mastered the

classical market-clearing analysis. Nevertheless, since Barro's persuasive new book may well become a modern classic, supplanting Samuelson's famous textbook which popularised Keynes, future generations of students may grow up regarding Keynesian economics as an irrelevant and astatic afterthought — an historical dead end. Does this matter much? In one sense it does not. The conventional Keynesian synthesis has always been a hopeless muddle, a poor representation even of Keynes' writings. It is internally inconsistent and fails to explain adequately the main feature of current economic life — the co-existence of high unemployment and strong inflationary pressures. And nobody has ever been able to manufacture convincing "micro-foundations" for Keynesian economics. It has always been a source of deep embarrassment to economic professors that the lectures they give on macroeconomics are wholly inconsistent with those they give on macroeconomics.

Accounting for themselves

From Mr E. White Sir—Now that the initial surprise concerning the merger of Deloitte with Price Waterhouse is past, and on the presumption that similar events will arise in the not-too-distant future, I wonder if a thorough revision in the way that the accountancy profession presents itself to the public...

The small investor

From Mr P. Gornaley Sir—Edgar Palmountain's article "Privatisation alone is just not enough" (October 10) cries out for comment. Should I be asked my view of stock market investment for the small investor, I would say that it was unwise in the extreme. There is excessive dominance by the so-called "professional" investors...

Letters to the Editor

missions will merely aggravate the present situation. Who will end up paying for the big men's bulk discounts? Dare I suggest the small man?

BT's management style

From the General Secretary, Union of Communication Workers Sir—It is all very well for Mike Beit British Telecom's personnel director, to indulge in sabre rattling over compulsory redundancies in the industry (October 17). No doubt it projects an image of "tough" management in the shiny new privatised BT...

Integrated circuits

From the Director-General, Electronic Components Industry Federation Sir—The table of the top ten microchip suppliers listed were all supplied from outside Europe; fortunately this is not the case, since several of the companies have plants in Europe including the UK. And I doubt whether many readers of the article would have guessed from it that according to statistics UK output of integrated circuits in 1983 was worth more than £200m.

or it can be imposed unilaterally, leaving a sullen and embittered workforce. As one of the country's largest employers, BT — privatised or not — has a duty to conduct its industrial relations efficiently and effectively. But the onus are not good. Conducting negotiations via bullish interviews in the Financial Times may assist the careers of those who have to look over their shoulders for political patronage of Government Ministers. But they do nothing to inspire confidence among the people who work in the business and whose co-operation is needed if it is to succeed.

Marginal interest rate trap

From Mr S. Crawshaw Sir—I recently moved house and, requiring mortgage finance, I established a chart of interest rates charges by the various building societies. But in the steps similar to the one published in your article of October 3. Your article, although mentioning that the higher interest rates would be charged over the entire loan, did not stress sufficiently the significance of the marginal rate of interest on any extra amount.

Output has continued to rise

Output has continued to rise rapidly this year, but it is of course still sadly inadequate compared with the need. From a European point of view the French and German Governments' decision to back the Philips-Siemens RAM project must be welcome—but what of the UK? The UK Government was, to its credit, one of the first in Europe to recognise the need; and earlier this year it reaffirmed its importance by allocating £120m to the micro-electronic industry support programme Mark II (MISP II); it is somewhat ironic that this sum—which is intended to last until 1990 and to be spread over the whole of the micro-electronics industry in the UK—corresponds almost exactly to your report the French and German governments plan to spend by 1988 on just two products! And since the announcement

of MISP II, the value of the £120m has been sharply reduced by the phasing-out of 100 per cent capital allowances. The Government appears to have accepted that in this crucial area of high technology, market forces alone will not produce the optimum results for the UK because they are so widely and heavily tempered by our competitors. But is it prepared to take action on the scale necessary?

MISP II is of course welcome — as is the Alvey programme, and the support given by MOD to micro-science. But the financial years 1981-84 Government support (excluding RDGs) actually paid to the whole of the electronics industry totalled £126m; over the same period aid to the shipbuilding industry totalled almost £650m, and to the steel industry no less than £2.14bn!

Loan interest rate payable interest

Table with 4 columns: Loan, Interest rate, % payable interest, %

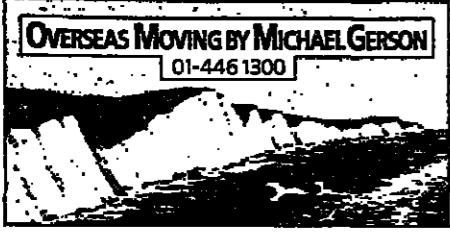
Column 3 is the total interest payable before tax effects. Column 4, the marginal rate of interest, is calculated by determining the extra interest payable and charging that to the extra amount of loan required above the interest rate threshold, ie. 5,880 - 5,200 = 680 - 2,000 = 34 per cent. The table shows that any customer who borrows £20,000 from the Nationwide is paying 34 per cent for borrowing the extra £2,000. The taxation relief on the interest on the first £20,000 would mitigate some of the effect. The message, however, is clear: many borrowers who are obliged to break these interest rate thresholds should consider a separate top-up mortgage scheme, or even charge the extra to their American Express card!

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Platformer 3 at Shell's Stanlow refinery is capable of producing high grade components for petrol in a state-of-the-art refinery unit put onstream ahead of time and under budget. Virtually no time was lost through labour disputes during the 20 months it took to complete the plant. M.W.Kellogg Limited is proud to have worked with Shell UK Oil on this project and to have experienced the cooperation which comes from close planning and firm commitment by all involved — labour unions, client and contractor. Platformer 3 was started under the contract management of Procon (Great Britain) Limited, which since has become a part of M.W. Kellogg. The project and the assimilation of the sophisticated technical forces of Kellogg and Procon went on without a hitch, thanks to the creative and foresighted approach taken by all. Thanks to Kellogg, Shell will be ready to comply with the government's legislation on low lead petrol when it comes into force. M.W. Kellogg Limited designs, engineers and constructs plants for industry worldwide.



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FINANCIAL TIMES

Friday October 19 1984



CAR MAKER IN TALKS WITH JAPANESE GROUPS

Renault seeks components links

BY PAUL BETTS IN PARIS

RENAULT, the state-owned French car group, is in talks with three leading Japanese component companies - all of them very closely linked with Toyota, the largest vehicle manufacturer in Japan. However, there are no direct negotiations between Renault and Toyota itself, Mr Eideo Kameo, vice-president of the Japanese group, insisted yesterday.

It was discussing possible collaboration ventures with Toyota Machine Works, the machine tools and automated products division of the Japanese car group. Renault said the negotiations might lead eventually to a joint venture, an exchange of technology deal or other types of agreements. The French group said the discussions with Japanese car components groups were part of Renault's general strategy of seeking the latest technology for its various products in various international markets when the necessary technology was not available in France.

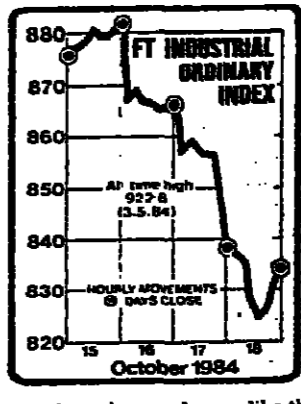
British broker warns of price war in City

By Alexander Nicoll in London

MR JOHN BREW, chief executive of Grievson Grant, one of London's largest stockbroking firms, gave a warning yesterday that planned changes in the structure of Britain's financial markets might lead to a price war and too much playing of the market by primary dealers in UK government securities.

THE LEX COLUMN

Playing dominoes at the wellhead



The City of London is an unhappy place just now. This week's round of competitive price cutting in the North Sea is forcing the markets to stare at the risk of a downward spiral - in crude prices and oil shares alike - while justified nervousness about oil is having its usual effect on that other trading commodity, sterling.

lose out as the bonds which they may have bought at 102 will only be redeemed at par. But the ultimate loser is likely to be the Treasury. The move will only confirm the worst suspicions of those conservative investors who see the U.S. Government as fickle and liable to slap a tax on them at any time.

Lawson says UK strategy on target

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

MR NIGEL Lawson, the British Chancellor of the Exchequer, yesterday sought to calm the financial markets by assuring them that the Government would not be deflected from the fight against inflation and that its financial strategy was on course.

French steel groups expect to cut losses

BY DAVID HOUSEGO IN PARIS

SACILOR and Usinor, France's two state-owned steel groups, expect to cut their losses this year but still expect a combined consolidated deficit of over Ffr 8bn (\$842m).

British broker warns of price war in City

By Alexander Nicoll in London

MR JOHN BREW, chief executive of Grievson Grant, one of London's largest stockbroking firms, gave a warning yesterday that planned changes in the structure of Britain's financial markets might lead to a price war and too much playing of the market by primary dealers in UK government securities.

Anatole Kaletsky profiles Nobel economics laureate Sir Richard Stone

Father of national income accounting

IN AWARDING the Nobel Prize for Economics to Prof Sir Richard Stone of King's College, Cambridge, the Swedish Academy of Science has come up with a laureate who is as unlikely to revive allegations of political bias in the selection process as he is certain to command approval within the economics profession.

national expenditure, which should in theory be exactly equal, could be reconciled in practice. By 1941, the national accounts which he produced were judged by Keynes to be accurate enough for incorporation in that year's British budget: the first time that a budget included a detailed statement of what are today regarded as the key macroeconomic statistics.

His candid expression of doubts about the new structure also extended to the equities market, for which the stock exchange plans to introduce a competing market maker system similar to the U.S. Nasdaq system.

World Weather

Area	C	F	Area	C	F
Amsterdam	10	50	London	12	54
Berlin	11	52	Paris	13	55
Bombay	25	77	Calcutta	26	79
Buenos Aires	15	59	London	12	54
Caracas	27	81	London	12	54
Cape Town	21	70	London	12	54
Dakar	29	84	London	12	54
Dublin	10	50	London	12	54
Hong Kong	24	75	London	12	54
Los Angeles	18	64	London	12	54
Madras	27	81	London	12	54
Manila	26	79	London	12	54
Mexico City	21	70	London	12	54
Mumbai	27	81	London	12	54
New Delhi	26	79	London	12	54
Perth	18	64	London	12	54
Rangoon	26	79	London	12	54
Seoul	15	59	London	12	54
Singapore	27	81	London	12	54
Tokyo	16	61	London	12	54
Yokohama	16	61	London	12	54

U.S. trade complaint

THE UK Department of Trade and Industry (DTI) is examining a complaint by a British electronics company that its U.S. suppliers have broken off their contracts with it because the company appears on the export denial list issued by the U.S. Department of Commerce, Tom Sealy writes.

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Apple earnings soar six-fold in quarter

BY LOUISE KEHOE IN SAN FRANCISCO

APPLE, the U.S. personal computer manufacturer, has achieved a six-fold jump in fourth-quarter earnings to a record \$30.6m, compared with \$5.1m a year earlier.

Despite increasing its earnings in each of the four quarters to September 28, however, the group finished with lower annual earnings of \$54.1m, or \$1.05 a share, against \$76.7m or \$1.28 in 1983. Per share earnings in the fourth quarter were 50 cents.

Sales for the year were a record \$1.5bn, up 54 per cent from the 1983 total of \$982m. Fourth-quarter sales were \$477.4m, a 75 per cent increase

over the \$273m recorded in the final quarter of fiscal 1983, and a 13 per cent increase over the 1984 third quarter.

Apple's quarterly earnings included a \$4.9m tax benefit due to changes in U.S. tax regulations.

Operating income for 1984 fell to \$91.4m from \$129.5m in 1983.

Commenting on the results, Mr John Sculley, Apple's president, said: "1984 has been a year of unparalleled challenge for Apple. Through industry-leading product development and innovative marketing, we have firmly established our position in the market. Apple has chosen the role of innovator

and has survived the industry shakeout as a leader."

Apple attributed much of its sales growth to the two new personal computers that it has introduced over the past 12 months. Sales of Macintosh, Apple's office personal computer, are picking up as more applications software becomes available for the new machine, according to market analysts.

The Apple IIc, an updated version of Apple's established Apple II home computer, is also gaining market share, boosted by a price reduction in July. The older model, however, is still Apple's chief revenue generator.

Sears Roebuck boosted by tax credit and capital gains

BY TERRY DODSWORTH IN NEW YORK

SEARS ROEBUCK, the world's largest retailer, reported an 11.5 per cent jump in net income in the third quarter, but only after a hefty tax credit in its insurance division and much higher non-recurring capital gains.

Earnings rose to \$321.9m, or 88 cents a share, from \$288.8m or 81 cents a share, while revenues increased by 8 per cent to \$8.65bn from \$8.93bn.

This included a \$90m credit in the Allstate Insurance group, reflecting the reduction in deferred income tax under the 1984 tax reform Act. In addition, net after-tax realized

capital gains and other income totalled \$28.3m against \$4.7m last year.

For the first nine months, consolidated net income rose 17.4 per cent to \$981.7m, or 2.47 a share, against \$758.5m, or \$2.15 a share, while revenues increased 9.5 per cent to \$27.5bn from \$25bn.

Sears suffered a variety of problems in the quarter, including low growth in its main merchandising division and losses in both its Dean Witter Financial Services group and Sears World Trade, its barter company. Mr Edward Telling, chairman, said that revenues at Sears

Merchandise, which grew to \$6.45bn from \$6.19bn, reflected smaller gains in durable goods after two years of double digit increases. Net income amounted to \$163.6m, compared with \$158.8m.

Income at Allstate rose to \$211.4m from \$148m after taking in the tax credit. Dean Witter however recorded a loss of \$7.6m compared with a profit of 19.3m in the same period last year.

Sears World Trade lost \$7m against a loss of \$3.2m a year ago, while Coldwell Banker real estate group saw a downturn in profits from \$6.7m to \$4.6m.

Lloyds Bank to consolidate operations

By David Lascelles in London

LLOYDS BANK, the smallest of the big four UK clearing banks, is to unify its worldwide operations by merging Lloyds Bank International into the group.

LBI, which accounts for about 40 per cent of Lloyds total assets, is currently a wholly-owned subsidiary with its own management and chairman.

Sir Jeremy Morse, chairman of the Lloyds group, said yesterday: "Our group has been formed over the years from a number of different banks. We have now reached the point when we can take a major step in unifying them under the Lloyds Bank name, and this will strengthen our ability to compete in a highly competitive world."

Lloyds denied that the merger was connected with LBI's recent poor performance and the recent leak of a memo from Mr Eric Whittle, its chief executive, to senior staff calling for greater effort.

LBI has total assets of £16.3bn (£12.6bn) and capital of £578m, making it a sizeable international bank in its own right.

The merger, which will require shareholders approval, needs a special Act of Parliament for technical reasons. Lloyds hopes to effect the merger on January 1, 1986. It follows a similar move by Barclays, which is merging with its international arm next January.

Details, Page 25

Static third quarter for Sterling Drug

By Our Financial Staff

STERLING Drug, the U.S. drugs and household products group, yesterday reported flat third-quarter net profits of \$45.3m or 75 cents a share, compared with \$44.8m or 75 cents. The latest earnings include a \$4.5m pre-tax gain from the recent sale of several proprietary products. The sale was partly responsible for a lower effective tax rate of 44.9 per cent against 46 per cent.

Net earnings for the first nine months rose from \$101.3m or \$1.66 a share to \$106.1m or \$1.73.

ABC exceeds forecasts

By Our Financial Staff

AMERICAN Broadcasting Companies (ABC), which operates the ABC television network in the U.S. and several radio stations, reported third-quarter earnings slightly higher than Wall Street estimates.

Profits rose from \$31.8m, or \$1.16 a share, to \$46.6m, or \$1.61, taking nine-month earnings to \$142.6m, or \$4.91 a share, against \$110.3m, or \$3.76.

Olivetti and AT&T sign new products pact

BY ALAN FRIEDMAN IN MILAN

OLIVETTI, the Italian data processing equipment maker, has signed a new agreement with AT&T, its global partner, to co-ordinate the design and manufacture of a new range of workstations and operating systems.

Although the companies did not specify which new products they might launch, a statement yesterday said the plan was for both to work more closely in the design, development, manufacture and marketing of workstations and related equipment. AT&T last December bought 25 per cent of Olivetti and ordered \$250m of workstations over the next year.

In particular, Olivetti and AT&T are to develop a common strategy aimed at the Ms-Dos and Unix software, language and operating systems markets. The partners will manufacture the new line of products. They will both market AT&T's line of 3B minicomputers and the Unix operating system.

3M pushes ahead despite strong \$

BY WILLIAM HALL IN NEW YORK

MINNESOTA MINING & Manufacturing (3M), the U.S. conglomerate which sells more than a third of its products overseas, increased its third-quarter net income by 11.2 per cent to \$198m, notwithstanding the adverse impact of the strong dollar.

Lewis W. Lehr, 3M's chairman, says that the group's businesses performed well across the board with "double-digit unit-volume gains in both the U.S. and abroad." U.S. volume increased 14 per cent in the third quarter, matching the gains in the first two quarters of the year.

In the international markets, 3M's unit volume rose 12 per cent and the group says its profit margins improved at home and abroad, despite the stronger dollar. 3M estimates that its worldwide net in-

come in the third quarter was reduced by \$17m, or 14 cents a share, because of the dollar's strength.

The group earned \$1.70 per share in the latest period, up from \$1.51 per share in the third quarter of 1983. For the nine months earnings per share total \$4.84 per share, compared with \$4.28 per share in the same period of 1983.

3M's net income in the first three quarters of 1984 rose by 12.3 per cent to \$566m and sales increased 10.4 per cent to \$5.83bn.

The company is cautiously optimistic about the final quarter of 1984. Mr Lehr says that "despite the continuing strength of the dollar and a somewhat reduced rate of economic growth in the U.S., we expect a good increase in sales and earnings for the year as a whole."

Borregaard advances at eight months

BY FLEMING DAAL IN OSLO

BORREGAARD - the Norwegian foodstuffs, forest products, chemicals and metals group, reports a pre-tax profit of Nkr 65.7m (\$7.4m) for the first eight months of 1984, up from Nkr 21.3m in the same period last year.

The group still expects a better year-end result than the pre-tax profit of Nkr 112.4m achieved in 1983.

The January-August sales figure was Nkr 2.96bn, a 22 per cent increase compared with the same period in 1983.

The improvement was mainly due to higher sales volumes and

prices for a number of key products, especially chemical products edible oils and fats.

The gross operating result for the eight months was Nkr 268.5m, up from Nkr 204.4m. The result after ordinary depreciation was Nkr 146.2m, up from Nkr 92.1m, and before extraordinary items Nkr 65m, up from Nkr 13.5m. The net exchange loss was Nkr 3.8m.

The proposed merger between Borregaard and Saetre - Norway's largest producer of biscuits - has been approved by shareholders of both companies and is to be effective from December 31 this year.

Racal's £170m bid wins Chubb

By Charles Batchelor in London

CHUBB & SON, Britain's largest security equipment group, yesterday succumbed to a £170m (\$200m) takeover bid from Racal Electronics, the UK defence and communications company, after a hard-fought 10-week battle.

Racal obtained acceptances from the holders of 86.4 per cent of Chubb's ordinary shares, with its revised share and loan stock offering taking its total holding to 89.8 per cent of Chubb's enlarged capital.

The success of Racal's bid will create a new security division within the company, to be known as Racal-Chubb and with annual sales of £450m. Racal will contribute £125m worth of security turnover to the division.

Sir Ernest Harrison, chairman of Racal, said: "We both have a superb business in security and I am sure we will dominate the world. Chubb is in the low-technology end and we are in the high-tech end of the business. We will be able to equip anyone with total security from the perimeter of their premises to the safe."

Racal has no plans to dispose of any parts of Chubb's diversified business, which ranges from locks and vaults to electronic alarms.

Chubb's fate was sealed when most of the UK financial institutions, which together controlled 82 per cent of the shares, accepted the Racal offer.

Despite a Chubb forecast that its profits would rise 25 per cent to £18m in the year to March 1985, the company was brought down by its indifferent record of the past five years.

Chubb's shares fell 1p to 287p yesterday, while Racal was 2p lower at 248p.

Bankers aid decision on Conrail sale

By Our Financial Staff

LAZARD Freres, the merchant bank, has been asked by the U.S. House energy and commerce committee to evaluate the three private bids for the government's 85 per cent holding in Consolidated Rail.

The investment company will also analyse the advantages of selling Conrail through a public offering, instead of a private sale.

The U.S. Department of Transportation has said it intended to select the buyer from Alleghany, Norfolk Southern and a group headed by J. Willard Marriott. Congress has to approve the sale.

Meanwhile Conrail has reported a jump in net earnings to \$133.1m, or \$4.92 a share, from \$85.6m, or \$3.21, for the third quarter. This took the nine-month figures to \$387.9m, or \$14.35, against \$195.5m, or \$7.31.

Sales for the quarter reached \$843.6m (\$760.3m) and for the nine months \$2.59m (\$2.27bn).

Inland Steel warns of new job cuts

By Terry Dodsworth in New York

INLAND STEEL, the fourth largest U.S. steel company, is considering a new round of redundancies following its slip back into loss in the third quarter.

The downturn in the largest reporting period follows two quarters of profits in which the company appeared to be pulling out of its problems. In the two years to the end of 1983, the group ran up a deficit of \$23m, but the losses had been stemmed this year by first-half earnings of \$26m.

In the third quarter, however, Inland slumped to a net loss of \$37.9m, against a loss of \$21.2m a year ago, as sales rose by 5 per cent from \$761m to \$800m. The loss was exaggerated by \$25m worth of special provisions against closures and the reversal of a tax credit. At an operating level however losses still amounted to \$12.6m.

Net losses over the first nine months came to \$11.3m, against \$71m a year ago, while sales amounted to \$2.6bn against \$2.2bn.

Inland said it had been hit in the third quarter by price pressures and low deliveries resulting from the record level of steel imports. Deliveries went down by 18 per cent compared with the second quarter, and at 1.14m tons were even slightly down from the 1.17m tons recorded in the same period last year.

As a result its plants operated at only 82.4 per cent of capacity.

U.S. CHEMICAL GROUPS REPORT MIXED RESULTS AFTER NINE MONTHS

Dow Chemical upturn continues

BY WILLIAM HALL IN NEW YORK

DOW CHEMICAL, the second biggest U.S. chemicals company, is continuing its rapid profits recovery, with third-quarter net income rising 76 per cent to \$176m. Monsanto, the fourth biggest U.S. chemicals company, however, recorded lower profits as a result of setbacks in its important agrochemicals business.

Monsanto reported third-quarter earnings of 57m or 97 cents per share, compared with \$115m a year ago, when the results were boosted by special factors totalling \$28m. The group said that its operating income fell by 3 per cent in the latest quarter and strong gains in

some parts of its business were offset by weaker industrial chemical prices and lower sales of Roundup, its important herbicide.

Dow, whose sales rose by 24 per cent in the quarter to \$2.6bn, said that while it saw the usual summer downturn in Europe, its global business remained quite strong. It described its earnings from the Pacific Basin and Brazil as "excellent", and said that the U.S. also showed improvement, compared with last year.

It noted, however, that the results in its home market were hampered by difficult market conditions for vinyl chloride and ethylene glycol.

The company said that its basic chemicals and plastics businesses were "in a much better position" than they were in 1983, but it noted that the tremendous growth seen in the worldwide plastics business during the past year had moderated.

Dow's agricultural products and industrial special chemical operations reported another strong quarter, the company said.

Dow's third quarter figures were boosted by a \$20m gain from the sale of 50 per cent of Dowell Canada to Schlumberger and a \$38m reduction in estimated taxes because of the cancellation of deferred tax ob-

ligations for domestic international sales corporations.

For the nine months, Dow's net income rose by 93 per cent to \$566m or \$2.40 per share, on the back of a 8.7 per cent rise in sales to \$8.7bn. Celanese Corporation's rapid profit growth of earlier in the year slowed in the third quarter. Its net income rose by 16 per cent to \$71m or \$2.73 per share, while for the nine months its net income is 62 per cent ahead at \$242m.

Earnings per share for the nine month period are 134 per cent better at \$8.53 because of a reduction in the number of shares outstanding.

Reynolds goes ahead to \$229m

By Our New York Staff

R. J. REYNOLDS Industries, the second biggest cigarette manufacturer in the U.S., increased earnings from continuing operations by 5.5 per cent to \$229m or \$1.90 a share in the third quarter. Sales rose by 9.5 per cent to \$3.22bn.

Final net earnings are little changed at \$253m, or \$2.11 a share, after taking in profits for both quarters from discontinued operations. Net in the comparable quarter totalled \$251m, or \$2.08 a share.

Tobacco profits now contribute only about 15 per cent of the total at Reynolds, which is extending its restructuring plan with the sale of Aminol, its oil and gas subsidiary, to Phillips Petroleum for \$1.7bn cash.

Net operating profits for the first nine months rose from \$502m, or \$4.03 a share, to \$584m, or 4.77 a share, while sales were up from \$9bn to \$9.44bn.

UK group to quit cable TV market

BY JASON CRISP IN LONDON

VISIONHIRE, until recently Britain's second largest cable TV company, is effectively withdrawing from the business other than meeting its contractual obligations.

The move is another setback for British Government hopes of creating a cable TV revolution in the country. Visionhire blames government delays in awarding franchises and setting up the Cable Authority and the change in capital allowances in the 1984 budget for its decision.

"We now believe that the cabling of the UK will be a much longer and more costly process than seemed likely a year ago, and that the prospects of Visionhire Cable generating meaningful profits from this area on a normal commercial time scale are too remote to justify our continued involvement," said Mr David Hurley, managing director of the parent company, Electronic Rentals Group (ERG).

ERG stated yesterday that it would not apply for any further cable franchises nor would it supply new services on its existing networks. Visionhire is now in discussion with unnamed Scottish interests about the future of its East Kilbride network, where the new services have recently started.

Visionhire had been offering four channels - TEN (feature films), Screensport, Music Box and Children's Channel - on an old cable network in East Kilbride which formerly carried BBC and ITV programmes. Unless the discussions reach a positive conclusion in the next few days the network will close by the end of next month, says ERG.

ERG said the company would now develop its operations in communal aerials and surveillance and security systems associated with cable.

Recovery at European American

By Our New York Staff

EUROPEAN American Bank, the New York consortium bank owned by six leading European banks, has returned to profits after its surprise \$137.75m second-quarter loss.

The bank reported net income in the third quarter of \$131m, compared with a profit of \$8.1m last year.

The bank's ratio of possible losses to loans outstanding climbed to 1.3 per cent from 1.12 per cent in the second quarter of 1984.

Non-performing loans at September 30 totalled \$293.1m of 5.1 per cent of the total, essentially unchanged from the level at June 30, the bank said.

At the nine-month stage, losses totalled \$134.3m against net profits of \$26.1m. The second-quarter loss was due mainly to a write-off of problem loans. As a result, shareholders were forced to inject an additional \$80m new capital into the group.

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INTL. COMPANIES and FINANCE

Coca-Cola up in third quarter

By Terry Byland in New York
COCA-COLA boosted its third quarter earnings with strong growth in sales in Japan and by further successes at the Columbia Pictures subsidiary.

Net income for the quarter rose by 15.6 per cent to \$175.3m or \$1.34 a share on a sales gain of 13.2 per cent to \$2.1bn at the operating level.

Nine-month earnings now show a 15 per cent increase at \$488.4m or \$3.76 on sales of \$5.6bn, 9.5 per cent up. International soft drink sales have increased by 4 per cent for the nine months but the effect of a strong dollar on profits repatriation restrained growth in international earnings.

All three international divisions - Pacific, Latin America, and Europe/Africa - increased operating income in the third quarter. Unit volume jumped by 15 per cent in the UK but fell by 4 per cent in West Germany, where sales were affected by the prolonged metalworkers' strike.

Mr Roberto Goizueta, chairman, commented that the film and entertainment division is pursuing a strategy of pre-licensing agreements, using third party equity, which is producing "great results" and will benefit future performance.

Oil well activity upturn lifts Schlumberger
By Terry Dodsworth in New York
AN UPTURN in oil well activity in North America and Europe helped Schlumberger, the Franco-American oil services group, to a 9 per cent increase in net income in the third quarter.

Earnings rose from \$278.7m or cents a share in the 1983 quarter to \$305.4m or \$1.06. Sales rose by 14 per cent from \$1.4bn to \$1.6bn.

For the first nine months, net income was \$871m or \$3.02 a share, against \$824m or \$2.83. Sales increased to \$4.7bn from \$4.3bn.

Schlumberger, which is now in the process of buying the Sedco offshore drilling company for \$1bn, said that its \$440m acquisition of 50 per cent of the Dowell energy service business in North America increased group third quarter revenue by \$74m. But the purchase reduced earnings by \$7m or 2 cents a share.

As part of a broad reorganisation of Sweden's steel industry, the company's Nyby Uddeholm operations were transferred to the new Avesta steel group under the control of the Johnson group. The majority of Uddeholm's remaining turnover - \$Kr 1.2bn (\$136m) - was a total of \$Kr 1.5bn - was generated by the Uddeholm tooling division, where results climbed by \$Kr 20m. Overall, group results after financial items, emerged at \$Kr 10m, compared to a deficit of \$Kr 130m a year ago.

Much of the recovery was generated by a decline in financial costs (down \$Kr 110m to \$Kr 59m) following disposal of the loss-making Nyby Uddeholm operations.

Elf U.S. subsidiary to step up acid output

By Paul Betts in Paris

TEXASGULF, the large U.S. chemicals subsidiary of the French state-controlled Elf Aquitaine oil group, is to increase by 25 per cent the production capacity of phosphoric acid at its Lee Creek plant in North Carolina.

This will increase the capacity of Texasgulf's phosphoric acid by 250,000 tonnes to 1,250,000 P2O5 a year, disclosed M Gilbert Rutman, deputy chairman of Elf Aquitaine, in Paris.

He also confirmed that he expected Texasgulf's chemical operations to contribute a \$80m cash flow to the French parent company this year. While this is an improvement on 1982 when Texasgulf barely broke even, Elf's U.S. acquisition continues to represent a net financial burden for the French oil group.

Elf is currently paying \$300m a year over a seven-year period to pay back the principal and interest on its debts to finance its U.S. acquisition - the largest of a U.S. company by a French group.

Elf had to resort to foreign borrowing because the French authorities prevented it from transferring French funds outside the country.

M Rutman also said that Elf was now consolidating its debts to pay for Texasgulf into long-term paper carrying an average of between 10 and 12 per cent interest rate. At the time of the acquisition in 1981, Elf financed the deal by borrowing on the short-term floating rate market because the U.S. prime rate was then at peak levels.

M Rutman said that after major restructuring and the gradual turnaround in the market, Texasgulf was now beginning to show signs of pro-

mise. Elf is in particular banking on Texasgulf's large phosphate interest for the long-term pay-off of its U.S. investment.

Texasgulf's phosphate sales rose by 30 per cent during the last 12-month period. M Rutman indicated that Elf wanted to expand gradually the subsidiary's phosphate activities over the next eight to nine years.

Elf bought Texasgulf for \$2.3bn in 1981 at the time of a wave of major takeovers in the U.S. of natural resources companies by big oil groups.

But the deal involved Elf selling its Canadian interests and the Canadian interests of Texasgulf to the Canadian Development Corporation, the single largest shareholder in Texasgulf, in return for Texasgulf's U.S. assets. As a result of this swap, Elf ended up paying \$1.5bn for the U.S. assets of Texasgulf.

group's Paris headquarters. This will supplement the group's commercial banking operations in the U.S. and Canada, where it has a network of 10 branches and representative offices, and a balance sheet of \$4bn.

In August Paribas sold Becker-Paribas for \$100m, taking in the form of proceeds a stake of 3 per cent in Merrill Lynch which it aims to increase to 5 per cent. This was after mounting securities losses at Becker-Paribas and a series of shareholding changes which had seen Paribas taking 100 per

cent control of the company by buying out the 45 per cent stake previously held by staff.

Paribas Corporation is a legal entity which existed in the early 1970s but which was made unoperational by Paribas' involvement in Becker, initially in partnership with S. G. Warburg, over the last decade.

Paribas aims in particular to continue building up its U.S. securities market activities, where this year it has been involved in the management of five issues for savings and loans institutions.

New INI chairman reshuffles management

By David White in Madrid
INI, the sprawling Spanish state group, has been subjected to its second major organisational reshuffle since the Socialist government took power less than two years ago.

The changes are a further attempt to improve management control of the group, which lost Ptas 160bn (about \$1bn) last year, and coincide with a plan for concentrating investment on sorting out problem sectors and temporarily abandoning expansion and diversification projects.

The reorganisation was announced after the first board meeting this week under the new government-appointed chairman, 34-year-old Sr Luis Carlos Crosier. He was moved into the job last week from his post as under-secretary in the Industry Ministry, replacing Sr Enrique Moya, the independent whom the Socialists first chose for the INI chairmanship.

The reorganisation is aimed at centralising planning and control. The group, by far Spain's largest industrial concern, with 220,000 employees, is due to develop on the basis of "sub-holding companies" rather than its current 14 industrial divisions.

The main innovation is a separate main division for sectors scheduled for reconversion, including the state steel mills, shipyards and coalmines. This has been placed under INI's previous planning director, Sr Alfredo Pastor.

Paribas returns to New York

By David Marsh in Paris

PARIBAS, the French state-owned financial group, is setting up a New York-based investment banking venture, Paribas Corporation, to strengthen its foothold in the U.S. after selling in August its investment banking subsidiary, Becker-Paribas, to Merrill Lynch.

The venture, which will take effect shortly, aims to give the group a new platform from which to steer its investment banking and securities business in the U.S.

Paribas Corporation will have a staff of more than 50, with management coming from the

OTC US \$73,000,000
United Kingdom Export Credit Facilities
Overseas Telecommunications Commission (Australia)
Standard Telephones and Cables plc
Australia-Indonesia-Singapore Cable System
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Decline for Cardo at eight months

By David Brown in Stockholm

CARDO, the Swedish sugar, seeds and bio-technology group, reports a decline in operating income for the first eight months ended August and forecasts its full-year earnings will fall by 10 per cent from the SKr 408m (\$46.5m) achieved in 1983.

Sales for the operating com-

panies were ahead by 7 per cent to SKr 2bn but costs climbed at 11 per cent to SKr 1.67bn. Operating results after depreciation fell by SKr 37m or 9 per cent, to SKr 342m.

Earnings from dividends, securities sales and interest fell from SKr 23m to SKr 119m and the total value of Cardo's

share portfolio declined by 7.8 per cent.

The group posted extraordinary income of SKr 115m from the introduction of its Hilleskog plant breeding subsidiary on the Swedish stock exchange, which brought pre-tax results to SKr 576m, an increase of SKr 55m or 10 per cent.

U.S. QUARTERLY RESULTS
AMERICAN HOSPITAL SUPPLY, DOVER, FIRST BOSTON SECURITIES CENTER, BANC ONE, BURLINGTON NORTHERN, CONTINENTAL TELECOM, CONNING GLASS WORKS, CPC INTERNATIONAL, DAMA, DANIELS DANIELS MIDLAND, FERRY PENNSYLVANIA, GAF, LIBERTY-OVERSEA-FORD, LIBERTY-OVERSEA-FORD, G. D. SEARLE, TANDY

Astra to seek London share listing

By David Brown in Stockholm

ASTRA, the Swedish pharmaceuticals group, achieved a strong improvement in pre-tax earnings for the eight months ending August and has upgraded its forecast for full year results to a 25 per cent rise from the SKr 631m (\$72m) in 1983.

The company plans to seek a listing on the London Stock Exchange.

Total sales climbed by 10 per cent to SKr 2.5bn, with the biggest rises coming in North and South America. Foreign markets now account for 82 per cent of Astra turnover.

Costs grew by only 5 per cent, yielding a SKr 582m profit after virtually unchanged financial items but before taxes and appropriations, representing an increase of SKr 142m or 34 per cent over the same period last year.

The group reports a 27 per cent rise in the sale of its Theodor anti-asthma product and approval of the Dricanyl asthma aerosol by U.S. regulatory authorities.

Uddeholm out of the red

By Our Stockholm Staff

UDDEHOLM, the Swedish special steels group, reports a strong turnaround for the first eight months of 1984 following an extensive restructuring.

It forecasts a continued upward trend through the rest of the year.

As part of a broad reorganisation of Sweden's steel industry, the company's Nyby Uddeholm operations were transferred to the new Avesta steel group under the control of the Johnson group.

Much of the recovery was generated by a decline in financial costs (down \$Kr 110m to \$Kr 59m) following disposal of the loss-making Nyby Uddeholm operations.

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AB Svensk Exportkredit
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U.S. \$60,000,000
Industrias Peñoles, S.A. de C.V.
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In accordance with the provisions of the Notes, notice is hereby given that for the three month period from 19th October, 1984 to 22nd January, 1985 the Notes will carry an interest rate of 11 1/2% per annum and the Coupon Amount per U.S. \$10,000 will be U.S. \$310.07.

INTL. COMPANIES and FINANCE

Bank chief faces currency charges

BY TONY WALKER IN CAIRO

MR ALI ABDULLAH JAMMAL, chairman of Jammal Trust Bank and 17 other individuals have been charged, along with two companies, with serious currency violations by Egypt's Socialist Prosecutor.

The prosecutor, who has a special responsibility with regard to investigating allegations of corrupt business activities, is seeking sequestration orders against the property of those charged. Under Egyptian law the case must come to court within 60 days.

Mr Jammal, a Lebanese, has been under house arrest for most of this year. He was released from house arrest last week but his passport has not been returned and he is not able to leave the country.

Others charged include executives of Jammal Trust, Pyramid Bank and Al-Watani Egyptian Bank, and Mr Samir Aly Hassan, a well-known Egyptian currency dealer. Included in the charges

are maritime and trading companies owned by Mr Hassan.

The charges have arisen from the near collapse earlier this year of Pyramid Bank after Jammal Trust to honor cheques which it claimed were fraudulent. The cheques, which were issued on behalf of Mr Hassan, were authorised by an executive of Jammal Trust and amounted to more than \$20m.

Mr Ali Jammal says he had no knowledge of transactions involving Mr Hassan who is said to have had a turnover in his currency dealings last year of between \$1bn and \$2bn.

According to a spokesman for Mr Jammal, he is being charged with responsibility for his bank issuing the fraudulent cheques and refusing to honour them.

Egyptian authorities reported on September 24 that the assets of the 18 who have now been charged were being impounded and that they were banned from travel while investigations were conducted into their financial dealings.

The action followed lengthy investigations into the affairs of Jammal Trust and other banks involved. The Socialist Prosecutor claims that Pyramid Bank lent Mr Hassan and his companies \$27.7m without proper collateral.

Jammal Trust, through Irving Trust of New York, has taken steps to repay more than \$20m to three local banks including Pyramid Bank, Faisal Islamic and Egyptian Arab African.

Under the first stage of the Irving Trust-Guaranteed settlement the three local banks have been paid a total of about \$5m or 25 per cent of the amount outstanding.

Jammal Trust has four branches in Egypt and 12 in Lebanon. The Jammal family is also involved in hotel projects in Egypt through a Luxembourg holding company. According to a family spokesman work on

Dunlop Olympic Limited

Dunlop Olympic Limited is a major Australian-owned manufacturing and marketing group which continued to achieve strong growth in domestic and international markets during the financial year ended June 30, 1984.

	Year ended June 30, 1984	Change from previous year
Sales	A\$1.5 billion (£962.5 million)	+11.6%
Profit before tax	A\$114.3 million (£74.9 million)	+46.0%
Profit after tax and Minorities	A\$63.8 million (£41.7 million)	+41.0%

The Chairman, Sir Brian Massy-Greene, said all operating groups performed well and the company is ready to take an even larger place in world markets.

- Highlights are:
- Earnings on shareholders funds of 17.7%.
 - Earnings per share before extraordinary items of 25.4 cents, up 46.0%.
 - A 1-for-10 bonus share issue ranking for final dividend.
 - Increased final dividend from 5 cents to 5.5 cents per share.
 - Continued expansion of international activities:
 - Increased proportion of sales from overseas markets.
 - Acquisition of New Zealand's second largest electrical power cables manufacturer, Canzac Cables.
 - Acquisition of Pacific Polymers Inc., specialised U.S. latex glove manufacturer producing gloves for the silicon chip industry.
 - Entry into the Japanese bedroom furnishings and footwear markets.
 - Consolidation of world market leadership in household gloves, medical examination gloves and condoms, plus a major share of the world surgical glove market.
 - A new A\$11.0 million (£7.2 million) factory being built in Thailand for household glove and balloon production.
 - Introduction of new technology:
 - Commercial production launch of Pulsar, the world's lightest and maintenance free automotive battery. A new plant is being built in Geelong, Victoria.
 - Formation of a joint venture for optical fibre manufacture in Australia with Sumitomo Electric Industries.

Dunlop Olympic has manufacturing operations in the United States (medical examination and industrial rubber gloves, condoms and balloons), Malaysia (latex gloves and moulded rubber products), New Zealand (textiles, clothing, rubber products and power cables), and the Philippines (footwear, clothing and tennis balls). The company's products are marketed in over 30 countries.

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NTN Toyo Bearing ahead 36%

TOKYO—NTN Toyo Bearing said its unconsolidated net for the six months to September 30 climbed 36.3 per cent to ¥4,99bn (\$17.6m) from ¥3,22bn a year earlier.

The bearing maker also raised its interim dividend by ¥0.5 to ¥4 a share from ¥3.5.

Recurring profits, before taxes and extraordinary items, jumped 38.3 per cent to 4,02bn from ¥3,21bn a year earlier, while sales rose 19.3 per cent to ¥15,22bn from ¥12,54bn.

Earnings per share rose to ¥12.82 on 347.6m outstanding shares from ¥10.32 on 331.5m shares.

The company expects business will continue to grow in the second half of the current fiscal year despite fears of trade friction and shifting currency rates.

For the full fiscal year, the company expects earnings to rise 25.7 per cent to ¥8,9bn, or ¥25.60 a share, from ¥7,08bn, or ¥22.04 a share.

Recurring profits are forecast to climb 25 per cent to ¥16,5bn from ¥13,2bn a year earlier, while sales are seen rising 15.6 per cent to ¥28,5bn from ¥24,3bn.

The company plans to increase its total dividend to ¥8 from ¥7 a year earlier.

A sharp rise in exports and better domestic sales contributed to the overall first-half gains.

Exports jumped 43.7 per cent from a year earlier to ¥30,58bn, or 21.6 per cent of total sales. Of that, exports to the U.S. gained 71.5 per cent.

Domestic sales increased 12.6 per cent from a year earlier to ¥55.2bn.

The company's share price rose ¥4 to ¥509 on the Tokyo Stock Exchange on Wednesday.

Kuwait SE and Souk Al Manakh merge

KUWAIT—The official stock exchange said the unofficial Souk Al Manakh share market, which collapsed two years ago with a \$90m debt, is to be merged with the official exchange on November 3.

A new trade system will be used, allowing shares to be traded over the counter, along the lines of London's Unlisted Securities Market.

Permodalan has 50% Malayan Banking stake

KUALA LUMPUR—Malayan Banking, Malaysia's second largest bank, said Permodalan Nasional now holds a 50 per cent stake in it after the registration of 54m shares formerly belonging to Bank Bumiputra Malaysia.

The transfer of the shares, which represent 30 per cent of Malayan Banking's paid up capital, was part of the deal laid out by the Government in the recent takeover of Bumiputra by Petronas.

Mitsukoshi remains in the red

BY OUR FINANCIAL STAFF

MITSUKOSHI, the leading prestige department store chain in Japan, yesterday reported a parent company net loss ¥2bn (\$8m) lower than the previous comparable period's ¥7.44bn as the group began to benefit from a fairly drastic management reconstruction.

The latest loss was due mainly to additional tax payments to cover the shortfall on returns filed over the past five years by

Mr Higeguro Okada, ex-company president.

Other store chains reporting showed more mixed fortunes. Takashimaya's net was down 28.5 per cent to ¥1,23bn as again only marginal higher sales of ¥233bn.

Daimaru's sales were up 7.2 per cent to ¥233bn following the opening of a new store in Osaka. However, the company still reported a similar level of losses at ¥499m.

Matuzakaya saw its net rise by 15.1 per cent to ¥1,52bn on sales of ¥1,65bn, up 3.1 per cent. Sogo reported a 23.2 per cent rise in net earnings to ¥828m on sales of ¥96bn, a rise of 2.4 per cent.

All the store groups experienced only very limited rises in growth due to the sluggish growth in personal spending commented analysts.

Burma allows first joint enterprise

RANGOON — the Burmese Government has recently entered into a joint industrial enterprise with a West German firm, the first time Rangoon has ever allowed a joint venture with a foreign company.

The joint venture — with Fritz Werner — will handle the production and installation of machinery, its parts and accessories, and also their sale in Burma and abroad.

A Council of State report,

submitted to parliament on the opening of its regular year-end session on Monday, gave the go-ahead. The Council of State is Burma's highest government authority, directing the activities of all other government organs.

The venture between the state-owned Heavy Industries Corporation and Fritz Werner will be named Myamma (or Burma) Fritz Werner Industries Company. It will operate under existing laws.

Where qualifications are the same, the company will give priority to hiring local workers and also use local raw materials if price and quality are similar to foreign materials.

The report did not specify what kind of machinery was to be produced, nor other terms of the joint venture agreement.

AMP and Chase seek banking licence

SYDNEY — Australia's largest insurance group, Australian Mutual Provident Society (AMP), and Chase Manhattan Bank N.A. are to apply jointly to the federal government for an Australian banking licence.

If the application is successful, they will contribute equally

to establish a bank with an initial paid capital of A\$300m (U.S.\$167m), the AMP and Chase said in a joint statement.

The existing money market, securities trading and foreign exchange operations of the AMP's wholly-owned merchant bank, AMP Acceptances, will be integrated into the new bank.

Royal Bank of Canada and National Mutual Life Association of Australasia announced Tuesday plans for a feasibility study into a joint application for an Australian banking licence.

All of these securities having been sold, this announcement appears as a matter of record only.

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UK COMPANY NEWS

Margins still under pressure at Dan-Air

SLIGHTLY HIGHER losses— they increased from £2.76m to £2.97m—are reported by Davies & Newman Holdings for the first six months of 1984.

First-half turnover was £85,000 short of the £100m mark compared with £78.72m in the corresponding period last year.

The pre-tax loss was after higher depreciation of £2.36m (£2.22m); aircraft hire charges which rose from £2.6m to £5.08m; interest receivable of £358,000 compared with £243,000; interest payable little changed at £861,000 (£866,000) and associated companies' profits of £431,000 against £13,500.

comment Davies and Newman's aircraft are better than ever but profits look like being left behind on the runway. The shares fell 50 to 163p yesterday when it became clear that all the extra activity cannot make up for falling margins.

USM placing for UDO Hldgs.

BY ALISON HOGAN

UDO Holdings, which supplies equipment and a complete reprographic service to architects, draughtsmen and designers, is coming to the USM through the placing of 25 per cent of its equity with a £2.22m market value.

account for approximately 30 per cent of USM sales. The company's Overflow division forms the major part of the specialist services providing a high quality confidential reprographic service for the petrochemical industry.

Turnover rose from £7.26m to £9.15m in the year to July, while pre-tax profits increased from £245,000 to £205,000.

Epic calls for £7.6m to strengthen balance sheet

BY ALISON HOGAN

Estates Property Investment Company is raising £7.6m via a rights issue of 101 per cent convertible unsecured loan stock, 1984-88 to strengthen its balance sheet following active development over the past couple of years.

directors have been trying to alter in the last couple of years through investment further south.

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UDO Holdings plc (Incorporated in England under the Companies Acts 1948 to 1967, No. 1093958)

Volume rise at S. Lyles offset by lower margins

TURNOVER VALUE and volume increased to record levels at S. Lyles, carpet yarn spinner and dyer, over the year to end-June 1984, but depressed profit margins resulted in a one-third fall in taxable profits from £558,000 to £424,000.

it still has to be matched with a comparable increase in margins.

Table with columns: Company, Current payment, Date, Corres. of spending, Total last year, Total this year.

Granville & Co. Limited Member of The National Association of Security Dealers and Investment Managers

Over-the-Counter Market table listing various companies and their share prices.

ROTHSCHILD ASSET MANAGEMENT (CI) LIMITED St Julian's Court, St Peter Port, Guernsey - 0481 26741/26331

SI Group profits advance to £1.5m

SI Group, which makes dispense and cooling equipment for the brewing and catering industries and also has engineering interests, lifted pre-tax profits by 32 per cent from £1.15m to £1.49m for the year ended June 30 1984.

Mr F. W. Forbes, the chairman of SI, says the improvement in results has been achieved by the continued success of the group's two main subsidiaries, Southern Industries (Croydon) and SI Coolers, together with a move to overall profit by the engineering companies.

On future prospects, he says, the current performance of the group—formerly Spencer Gears (Holdings)—encourages him to predict that improved results will continue to be achieved.

Anchor Chemical climbs to £0.8m as demand picks up

Anchor Chemical Group has achieved its highest ever first half profit and, after three years of static interim dividends, is lifting the current payment by 25 per cent to 1.25p per share.

Group pre-tax profits for the first six months of 1984 amounted to £762,000, which compares with £210,000 for the corresponding period and £941,000 for the whole of 1983.

The result was attained on turnover up from £7.17m to £8.97m with the upturn in demand experienced towards the end of the 1983 continuing through the period.

INDEX TO COMPANY HIGHLIGHTS table listing various companies and their page numbers.

comment The scale of Anchor Chemical's belated recovery took even the company's close observers by surprise and provoked a 4p jump in the share price to 190p, when almost everything else was falling.

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS OCTOBER 30, 1984 FIDELITY PACIFIC FUND S.A.

HOLLAND SEA SEARCH B.V. DFLs. 65,000,000 North Sea Production Loan arranged by BANK OF SCOTLAND

UK COMPANY NEWS

David Lascelles looks at Lloyds Bank's merger of its international and domestic arms Muscles flexed for role in revolution

BIGGER IS better in the modern banking world. Lloyds Bank's decision to merge its international and domestic arms into a single group should give it more muscle and, it hopes, reap savings. But it may also average further changes as Lloyds decides what role it should play in the City revolution.

Lloyds is the smallest of the big four clearers. Following Barclays' move to merge its home and foreign parts last year, it was also the only one which ran its international business largely through a separate subsidiary.

This created overlap and split the group's equity base; last June Lloyds Bank International had \$578m in capital and Lloyds Bank £1.54bn, and neither was able to go out into the market with the group's total resources behind it.

Because the two parts also operated as independent banks, they each had to observe their own capital and liquidity ratios, and could not profit from the other's tax position. The merger should give management much more flexibility.

Among the other benefits cited yesterday by Mr Brian Pitman, the group chief executive, were the ability to trade under a single name (which would simplify communications and Lloyds' correspondent banking arrangements) and develop group technology. The major disadvantage, he said, was the temporary one of the cost and disruption of the merger itself.

Lloyds Bank International con-



sists of part, though not all, of Lloyds' overseas business, plus Bank of London and South America (BOLSA) which Lloyds bought 10 years ago (and through which it has acquired heavy exposure to Brazil and Argentina) and Schröder Münchmeyer Hengst, the German banking and broking firm bought last year.

LBI has more than 200 banking offices in 47 countries and altogether employs more than 10,000 people of 50 nationalities. Last year, LBI made a pre-tax

"feeble" performance with LBI's profits tumbling to a mere \$4m in the first half of this year because of heavy provisions and a failure to drum up lucrative new business.

Mr Pitman maintained yesterday that LBI's average post-tax returns over the years of 15 per cent on equity were good. However, LBI is seen in the international banking market as a slow mover which has lagged behind the recent shift from loan-making to finance based on securities issued in the Euro-markets.

And though there was no suggestion yesterday that LBI is being pulled tighter into the group to pep up its performance, it seems to need more sense of direction.

Mr Whittle said yesterday that LBI was "on course with our plan" but loan volume was difficult to generate, and margins have slipped.

One intriguing aspect of the merger is the possibility of a reshaping of Lloyds' merchant banking interests. LBI is the conduit for much of Lloyds' international merchant banking activities, and Lloyds might use the merger to pull all its merchant banking business together and even live it off into a separate subsidiary.

Apart from the fact that the other big clearing banks now have separate merchant banking offshoots, this might provide the foundation for Lloyds' long-awaited move into the fast-evolving UK securities market.



Knights in accord—Sir Jeremy Morse (left) chairman of Lloyds Bank, and Sir Lindsay Alexander, chairman of Lloyds Bank International, have a stroll in the City of London after announcing the merger of the two companies

Lloyds, alone among the clearers, has yet to form an alliance with a stockbroker or jobber. Mr Whittle would only say yesterday: "We have plans for strengthening that side, but this is not the time to discuss them."

Lloyds is at pains, though, to dispel any idea that the merger means it intends to play down its international business. Sir Jeremy Morse, the group chairman, said: "Our boards are not keen to see a retreat from international banking."

This sets the merger apart from Barclays, which resulted in the creation of a powerful new post of group chief executive in what some people saw as a move to settle internal politics.

The Fleming Japanese Investment Trust plc

The company's policy is to specialise in investment in Japan aiming to achieve the best overall return to shareholders which will be attained largely through capital growth.

Highlights of the year to 31st July	1984	1983	% change
Total Assets	£72.9m	£60.6m	+20.2
Net Asset Value per Ordinary Share	469.3p	389.5p	+20.5
Ordinary Share Price	398.0p	356.0p	+11.8

Japan's prolonged export-based recovery has stimulated many areas of the domestic economy. After a strong rise in share prices liquidity has been increased reflecting concern that expectations, as reflected in the Stock Market, might now be too optimistic in the short term.

Copies of the Annual Report and Accounts are available from Ravensbourne Registration Services Limited, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Losses rise at Howard as banks set support terms

LOSSES IN the half-year to April 30 1984 deepened at Howard Machinery, farm equipment manufacturer and distributor, and the group has reached agreement with its UK bankers to carry out a restructuring of its operations.

Losses at the pre-tax level increased from £148,000 to £587,000 including a £16,000 profit share from related companies (£24,000) but after higher interest charges at £346,000 against £776,000. Sales for the half-year slipped from £21.93m to £21.57m.

There is no interim dividend; the last payment was a 0.55p final in 1980.

The directors state that the restructuring plans contain significant retrenchments in the

group's workforce, both in the UK and overseas, and also include the disposal of certain of the group's investments, further details of which will be announced in due course.

The continued support of the group's UK bankers is conditional upon the successful implementation of these plans, they add.

Provision for the full cost of the restructuring, which is currently estimated at £2m, is expected to be made in the results for the full year.

Due to the seasonal nature of the business, no tax charge has been shown for the half year.

In the last full year the company pushed up pre-tax profits by £502,000 to £785,000 on sales up from £45.88m to £46.06m.

Greenbank falls to £0.4m

DESPITE AN initial contribution of £163,871 from Didsbury Engineering Company, acquired last December, pre-tax profits of Greenbank Industrial Holdings, engineers, dropped from £205,023 to £416,026 in the half year to June 30 1984. Sales were £1.24m lower at £5.21m.

Mr M. D. Jepson, the chairman, says the half-year profit has inevitably been depressed by

the very low order level. However, in spite of the coal strike, order intake through the year is much increased and should result in satisfactory profits in the second six months, the chairman states. This rate of increase will allow the company to enter 1985 with an order book in line with historic levels.

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BANK RETURN		
	Wednesday October 17 1984	Increase (+) or Decrease (-) For week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,285,000	—
Public Deposits	541,241,231	+ 294,412,487
Bankers Deposits	586,446,718	+ 66,988,520
Reserve and other Accounts	1,892,277,921	+ 21,595,978
	2,792,517,554	+ 272,993,025
Assets		
Government Securities	288,971,287	— 85,795,000
Advances other Assets	715,952,515	— 128,942,390
Premises Equipment & other Secs	1,681,273,260	+ 238,986,466
Reserve	6,283,628	+ 1,140,255
Other	154,296	+ 4,576
	2,792,517,554	+ 272,993,025
ISSUE DEPARTMENT		
Liabilities	£	£
Notes issued	12,000,000,000	— 20,000,000
In circulation	11,999,976,776	— 21,140,224
In Banking Department	8,936,694	+ 1,140,224
Assets		
Government Dept	11,015,100	—
Other Government Securities	1,235,690,158	+ 864,600,256
Other Securities	10,768,290,741	— 284,600,256
	12,000,000,000	— 20,000,000

HOWARD SHUTTERING (HOLDINGS) PLC

Property Development, Plant Hire, Formwork and Shuttering Contractors

Highlights by the Chairman, John Howard

- The results for the year to 30th April 1984, with pre-tax profits up 70%, underline our overall strength and in particular the continued success of the Development and Plant Hire Divisions.
- A final dividend of 0.75p per share has been paid making 1.75p for the year (1983-1.55p) — an increase of 12.9%.
- A free scrip issue of one new share for every 2 held has been approved.
- The Contracting Division continued to experience severe competition but has now been reorganised.
- The current year is proceeding satisfactorily with all divisions making profits.

	1984	1983
Turnover	£8,861,262	£6,198,286
Profit before tax	994,035	582,766
Earnings per share	12.4p	5.6p
Dividend per share	1.75p	1.55p

Copies of the Report and Accounts can be obtained from The Secretary, Howard House, 7 Lyon Road, Merton, London SW19 2RZ.

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Welkom Gold Mining Company Limited

(Incorporated in the Republic of South Africa)

Preliminary Profit Announcement for the Financial Year ended September 30 1984

Financial results
Subject to final audit, the following are the results of the company for the year ended September 30 1984, together with comparative figures for the year ended September 30 1983:

	1984	1983
Income from subsidiary company	8000	24 728
Investment Income	38 435	21 658
Less: Sundry expenditure	38 435	46 386
	183	327
Profit before taxation	38 452	46 059
Provision for taxation	25	8
Profit after taxation	38 427	46 051
Retained profit brought forward	113	87
Profit available for distribution	38 540	46 138
Deduct:		
Dividends—No. 54 (Interim)	14 522	23 533
No. 55 (final)	21 546	22 092
	36 068	45 625
Retained profit	142	113
Earnings per share—cents	144.1	175.1
Dividends per share—cents	146.8	175.0
Number of shares in issue	26 300 000	26 300 000

Subsidiary company
On June 13 1984, a special resolution placing the company's wholly-owned subsidiary, Free State Sainplax Gold Mining Company Limited, in voluntary liquidation was registered. The first and final liquidation and distribution account was submitted to the Master of the Supreme Court on September 19 1984.

Listed investments
The company's (comparative figures relate to the group) listed investments are 6 838 000 shares in Western Holdings Limited.

	At 30.9.84	At 30.9.83
Market value	R000	R000
Book value	444 476	389 756
Appreciation	64 630	64 630
	379 640	324 936

Details of the dividends declared in respect of the year ended September 30 1984 are as follows:

	Dividend No. 54 (Interim)	Dividend No. 55 (Final)
Declared	April 18 1984	October 18 1984
Per share	64 cents	82 cents
Payable to members registered	May 11 1984	November 9 1984
Payment date	June 15 1984	December 14 1984

DECLARATION OF FINAL DIVIDEND NO. 55

On October 18 1984 dividend No. 55 of 82 cents a share, being the final dividend in respect of the year ended September 30 1984 (1983: 84 cents) was declared in South African currency payable on October 14 1984 to members registered in the books of the company at the close of business on November 9 1984.

The transfer registers and registers of members will be closed from November 10 to November 23 1984, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about December 13 1984. Registered members paid from the United Kingdom will receive the United Kingdom currency equivalent on November 12 1984 of the rand value of their dividends (less appropriate taxes). Any such members may, however, elect to be paid in South African currency, provided that the request is received at the offices of the company's transfer secretaries in Johannesburg or in the United Kingdom on or before November 9 1984.

The effective rate of non-resident shareholders' tax is 15 per cent. The dividend is payable subject to conditions which can be inspected at the head and London offices of the company and also at the offices of the company's transfer secretaries in Johannesburg and the United Kingdom.

By order of the board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries

per: C. R. Bull
Divisional Secretary
Head Office:
44 Main Street
Johannesburg 2001
(P.O. Box 61587
Marshalltown 2107)
London Offices:
40 Holborn Viaduct
London EC1P 1AJ
Johannesburg
October 19 1984

Copies of this announcement are being posted to all members at their registered addresses.

BIDS AND DEALS

Reckitt in battle royal for Kiwi

THE STRUGGLE for control of Australia's Nicholas Kiwi has developed into a battle royal following yesterday's purchase of a 14.9 per cent stake in Kiwi by Reckitt & Colman of the UK.

Last week the fate of Kiwi seemed to be settled when an agreed AS288m (£200m) bid was announced from Consolidated Foods Corporation (CFC) of the U.S. for most of the household products and non-prescription drugs company.

Yesterday also saw a further boost to Reckitt's bid when Mr Paul Keating, the Australian Treasurer, announced that the government had decided to raise no objections to the move on grounds of foreign investment policy.

"We are now free to buy Kiwi

shares on the market. One of the major restrictions on our freedom of action has now been removed," commented Sir Michael Colman, finance director of Reckitt.

Reckitt has undertaken that if it acquires control of Kiwi, Reckitt & Colman Australia will achieve naturalised status within 12 months and will acquire all the Kiwi and Reckitt group businesses in Australia, New Zealand and South East Asia. Australian government approval has been given on that basis.

For their stake in Kiwi, the UK cleaning products, pharmaceuticals and food group have paid between AS4.10 and AS4.20 a share ex-bonus. These figures are equivalent to AS4.78 and AS4.90 on the pre-bonus basis

and compare with Reckitt's original AS4.60 bid. Although Reckitt is as yet unprepared to make any further announcement regarding a general raising of their bid, Sir Michael was yesterday hopeful that Treasury approval plus an effective increase in the offer to at least AS4.90 would "lead the Kiwi board to reconsider their position."

The Australian company's board has already backed the cash plus paper offer from CFC for all of its overseas operations plus a minority stake in the home-based ones. It was supported in this by the Nicholas, Ramsay and Wickens family interests who between them hold about 45 per cent. The AS5 a share valuation placed on the CWC has always

been contested by Reckitt, and even many brokers feel that its value pre-bonus was more properly calculated at around AS4.70. However, CFC already owns some 5.5 per cent of Kiwi and Reckitts must hope to price some at least of the family interests in their direction if they are to be successful. Sir Michael, perhaps recognizing this, accepts that they will have to pay more as the market firms for Kiwi and both his company and possibly CFC start a share buying race.

On the Sydney exchange Nicholas Kiwi closed yesterday at AS4.28, equivalent to AS4.96 on pre-bonus basis. Kiwi shareholders are due to meet on October 31 to consider the CFC proposal—Reckitt hopes to have won voting control by then.

M & S informed of moves on bid front

By Charles Spencer
Mark & Spencer, a major customer of Corah and Ballance Industrial Holdings which are currently engaged in a takeover battle, said yesterday it might be surprised if longstanding suppliers did not give advance warning of plans to bid for another company.

However, M & S said it did not involve itself in takeover battles between suppliers.

Corah, which is M & S's second-largest supplier, launched a £2.5m takeover bid for Reliance on Wednesday. Mr Nicholas Corah confirmed yesterday he had informed the retail group of his bid plans.

"Having been informed of the bid we could see the industrial logic of it," M & S said. "If it goes ahead the merged group would become a substantial supplier."

M & S said it was not concerned that mergers between textile companies would make it too dependent on a limited number of suppliers.

"We are far and away the biggest supporter of the British textile industry," M & S said. "We probably take 20 per cent or more of all British textile production. There are 200-300 individual companies so there are a lot of people around."

Reliance has rejected the Corah approach but Mr Corah is due to meet Mr Raymond Newman, his counterpart at Reliance, for talks today.

Imperial extends interest in HoJo

Imperial Group is extending its interests in Howard Johnson's hotels by acquiring a 50 per cent stake in the chain's Canadian franchisee, Orangeroot Canada.

The price has not been disclosed. Orangeroot is a private company controlled by the Croche family of Toronto, other interests include a large Caterpillar dealership.

Orangeroot owns three hotels in Ontario and has sub-franchised about 20 other Howard Johnson's hotels throughout Canada. Imperial's involvement in the group is expected to increase opportunities for expansion especially in Ontario and Western Canada.

The Canadian Government said earlier this week that it has approved the deal under its foreign investment review procedures.

Currys rejects Dixons offer document

Currys, which is fighting off a £182m takeover bid from retail electrical retailer Dixons, yesterday rejected its offer document as "adding nothing new to Dixons' well-worn arguments."

"What it does contain is a number of misleading comparisons that in our view do not stand up to detailed examination," said Terry Curry, joint managing director.

He charged that the views expressed in the offer document—sent out on Wednesday—and public statements by Mr Stanley Kalou, Dixons' chairman, demonstrated "complete lack of understanding of Currys, its current operations and future strategy."

Currys and its financial advisers, S. G. Warburg, rejected the Dixons' offer as wholly inadequate and unacceptable, and as not reflecting Currys' trading performance, its asset base or future prospects.

Currys said it would make a formal response to the offer well before the first closing date of November 7. In the meantime it advised its shareholders to take no action.

The Dixons' offer document described Currys performance as "poor" and compared Currys' business unfavourably with Dixons' retailing activities.

Berkeley Exploration

Terms offered on October 16 by Charterhouse Petroleum to two vendors, holding in total 380,000 Berkeley Exploration ordinary shares, were accepted. This has increased Charterhouse's interest in the company to 2.25m ordinary shares (around 22 per cent).

The consideration was satisfied by the issue of 380,000 new ordinary shares in Charterhouse.

Simon Engineering

Simon Engineering has disposed of the business of Cheadle Plant Hire for cash to G. W. Sparrow and Sons.

The business includes the headquarters at Boothstown, Manchester, and depots at Barnsley and Cassington, near Oxford, together with plant and other assets for which the consideration was £248,000.

Glaxo Hldgs.

Guaranty Nominees now hold 47.8m ordinary shares in Glaxo Holdings through Morgan Guaranty Trust Company of New York.

Anglo-Scottish withdraws plans

BY ALEXANDER NICOLL

THE BOARD of Anglo-Scottish Investment Trust yesterday withdrew proposals for restructuring the trust before they could be formally blocked by more than 25 per cent of its shareholders.

London and Manchester insurance group had said earlier this week that a group of shareholders would vote against the plans put forward by managers CS Investments to turn the trust into a unit trust and two specialised investment trusts.

Mr Eric Crawford of CS Investments said the proposals were withdrawn at yesterday's EGM, which only lasted a few minutes, because proxies indicated that more than 25 per cent of shareholders would vote against—enough to block them. He maintained that the CS proposals would have more than halved the discount to net asset value which existed before they were announced. London and Manchester has said it will make

alternative proposals, possibly including complete unitisation—a course CS has rejected because of the high proportion of unquoted investments. Mr Crawford did not disclose how Cambrian and General Securities, the largest shareholder in Anglo-Scottish, would have voted. He recently held talks with its chairman, Wall Street arbitrageur Mr. Ivan Boesky, but they were inconclusive.

Hoskins rejects latest Scottish Heritable move

Scottish Heritable Trust, a holding company with widely spread interests, yesterday backed its contested bid for Hoskins & Horton, another building company, with a forecast of 82.5 per cent increase in 1984 pre-tax profits to £1.8m.

SHT said its offer—three SHT shares plus 65p for each H & H share—represented a premium of 18.1 per cent over the price of H & H shares before the bid was announced, and a 69.8 per cent premium over net asset value of H & H at end-1983.

H & H immediately retorted with a further rejection of the bid, arguing that the premium over the pre-bid price was "hardly a generous premium for control." It also said the bid's historic p/e multiple of eight times was substantially below the current standard for the industrial group.

H & H also argued that there was no full cash alternative and that it did not believe SHT would bring material commercial benefits to H & H. SHT is seek-

ing H & H in order to win greater market penetration for quarrying interests in the West Midlands.

SHT already holds 29 per cent of H & H.

Smith & Nephew Associated Companies has acquired H. M. Cote Inc, a health and beauty products manufacturer based in Boucherville, Quebec. Terms of the transaction were not disclosed.

Midea International offers for Coleman Milne will close on October 30. Acceptances have been received in respect of 14.88m shares (92.92 per cent).

Mr Simon C. H. Watson has been elected a director of South-east Stadium, with immediate effect. Mr Watson is managing director of Yelverton Investments, which holds 21.6 per cent of the ordinary of Southend Stadium.

Garfunkels bid unconditional

Acceptances of the Garfunkels' offer for Strikes Restaurants have been received for a total of 6.02m ordinary Strikes shares (94.89 per cent).

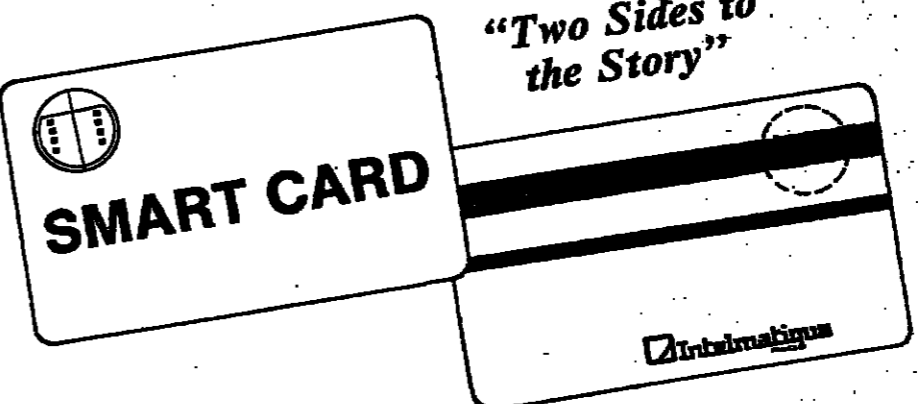
Of these, shareholders representing 5.47m Strikes shares elected to receive the cash alternative.

All conditions, including the approval of Strikes shareholders to the associated asset transactions as described in the offer document have now been satisfied and the offer has therefore become unconditional in all respects and the cash alternative has now been closed.

Protek International, Edinburgh-based technology consultants, have completed an equity deal with L.C.F.C. and the Scottish Development Agency.

The deal involved raising £250,000, part loan, part equity, to boost finances for the group's next phase of growth. The company, started in 1981, provides consultancy services for investment appraisal, company start-ups, market research and technology transfer.

A Message to Bankers and Retailers



THE FACTS

- The Smart Card has opened a new dimension in banking and retailing.
- The Smart Card comprises a built-in micro-computer capable of processing high transmission requirements with the utmost security and confidentiality.
 - The Smart Card is the only card capable of MULTISERVICE facilities including:
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 - Access to
 - POS terminals
 - automatic teller machines
 - cash dispensers
 - Teletyping of videotex services
 - A host of other services such as access to payphones, tolls, parking meters, vending machines, gas pumps...
 - The Smart Card is also most suited for applications ranging from highly confidential electronic mail to personal files such as a medical records and access control to buildings or computers.

NEW DEVELOPMENTS

- Two new solutions for introducing the Smart Card in EFT/POS have been developed.
- The SMART/STRIPE CARD — This combined chip-magnetic stripe card is now in production for banks wishing to exhibit the superior technology of the Smart Card without scrapping their existing investments in magnetic stripe, on line systems. This choice implies inexpensive modifications of present ATMs.
 - "THE CERTIFIER" — A hand-held Smart Card reader designed for merchants unable to justify a POS terminal or equipped with a magnetic-stripe reader only. Its function is to conduct two security checks. The first verifies the card on insertion causing it to display a unique certification code to be written on the voucher. The second confirms entry of the valid PIN by the card holder.

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UK COMPANIES

Second half surge consolidates upturn at Tyzack Turner

WITH A substantial profit recovery, especially in the second half, W. Tyzack & Turner has achieved a full year turnover of £171.00m in the period to July 31 1984.

knife businesses, and these companies have already made some contribution to group profitability and the overall progress is being maintained in the current year.

Profit margins come under pressure at Silentnight

AS THE chairman warned in June, pre-tax profits of Silentnight Holdings, Lancashire-based manufacturer of beds, upholstery and furniture, fell by almost half from £2.06m to £1.1m for the six months to July 28 1984.

has been affected by the economic climate especially in areas involved in the mining dispute.

Anglo-Indonesian benefits from increased tea prices

TAXABLE PROFITS of the Anglo-Indonesian Corporation, which has interests in tea and rubber estates and a rubber processing plant, showed a sharp increase from £278,000 to £1.58m for the first half of 1984.

of the year remains favourable, the directors state, and in anticipation of satisfactory results for the year they are doubling the net interim dividend to 2p (1p) - last year's total was 4p on £1.12m profits.

Winding up orders made against 181 companies

COMPULSORY winding up orders against 181 companies were made in the High Court. They were: J.W.A. International Holdings, Southbank Furniture, Gramax Industrial Services, J.C.E. Construction, Crawford Paper Converters, E.A. Quince, Chantals Manufacturing Wholesale Co, Garstead, Barry Dennis Leisure, Brighton Corporation International, Or Buller, Clates, N.P. Jackson (Construction) and K.S.L. Transport.

stone Developments, Wilson Development (Rugby), Selected Contractors and Computer Systems, David Naylor & Son, Allerton Roadfreight, Euston Marketing Services, Kingsley Ford & Co, Retrolite Caterers, Diepacher Mosaic & Terrazo and Neowinster.



Gold mining companies administered by Anglo American Corporation

All companies are incorporated in the Republic of South Africa

Orange Free State

Reports of the Directors for the quarter ended September 30 1984

WESTERN HOLDINGS

Western Holdings Limited

ISSUED CAPITAL: 14 334 276 shares of 50 cents each

Table with columns: Quarter ended, Year ended, Operating Results, Financial Results, Dividends, etc.

PRESIDENT STEYN—continued

DEVELOPMENT

Table with columns: Advance, Sampled, Gold, Uranium, etc.

PRESIDENT BRAND

President Brand Gold Mining Company Limited

ISSUED CAPITAL: 14 640 000 units of stock of 50 cents each

Table with columns: Quarter ended, Year ended, Operating Results, Financial Results, Dividends, etc.

FREE STATE GEDULD

Free State Geduld Mines Limited

ISSUED CAPITAL: 10 640 000 shares of 50 cents each

Table with columns: Quarter ended, Year ended, Operating Results, Financial Results, Dividends, etc.

JOINT METALLURGICAL SCHEME

Summary of metallurgical scheme

Table with columns: Quarter ended, Year ended, etc.

PRESIDENT STEYN

President Steyn Gold Mining Company Limited

ISSUED CAPITAL: 14 334 276 shares of 50 cents each

Table with columns: Quarter ended, Year ended, Operating Results, Financial Results, Dividends, etc.

WELKOM GOLD MINING COMPANY LIMITED

The attention of shareholders is directed to the report of WESTERN HOLDINGS LIMITED.

Table with columns: Quarter ended, Year ended, Operating Results, Financial Results, Dividends, etc.

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

NOTES

1. ORE RESERVES: At June 30 1984 ore reserves were estimated at a bay limit based on a gold price of R15 000 (1983: R15 000) a kilogram.

Notice of Prepayment The Taiyo Kobe Bank, Ltd. Floating Rate Certificates of Deposit

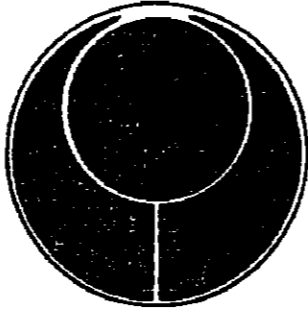
What went wrong with the 'Brazilian Boom'? THE INTERNATIONAL FINANCIAL CRISIS: LESSONS OF THE BRAZILIAN CRISIS.

The Lombard 14 Days Notice Deposit Rate is 10 3/4% per annum. The Lombard Cheque Savings Rates are 10 1/4% and 8 1/4% per annum.

LADBROKE INDEX Based on FT Index 650-657 Tel: 01-427 4411

UK COMPANY NEWS

NIPPON KANGYO KAKUMARU



Focus Corporate Financing on Young and Emerging Growth Companies

- Amada/Bunka Shutter/Chofu Seisakusho
- Dainichiseika/Dai-Ichi Seiko/First Baking
- Fuji Rebio/Fuji Machine/Futaba/Hinode Kisen
- Hitachi Condenser/Hiroshima Kensetsu
- Iwasaki Denki/Jomo Twisting Thread/Kibun Food
- Kodama Chemical/Kobayashi Metal
- Mitsui-Hitec/Mochida Pharm./Nakabayashi
- Nippon Thompson/Nippon Fine Chem./Nippon Coinco
- Nishi Nihon Kensetsu/Nisseki House/Olympic
- Okamoto Machine Tool/Okaya Ele. Ind./Riken Vinyl
- Prima Meat Packers/Royal/Restaurant Seibu
- Seibu Ele. Ind./Showa Highpolymer/Suntelephone
- Takeda Riken/Takakita Agri./Tohoku Tele.
- Toda Kogyo/Tonami Transportation/Tadano
- Tokyo Auto Machine/Toyo Knife
- Yamato International/Yokohama Reito

*These are just some of the companies for whom NKK has acted as managing underwriter in their latest equity issues in Japan.

LONDON NIPPON KANGYO KAKUMARU (EUROPE) LIMITED

Garden House, 18, Finsbury Circus London, EC2M 7AT (01) 638-4871

M.Y. Dart still recovering but short of expectation

THE ELIMINATION of loss-making overseas trading activities has been successfully completed at M.Y. Dart, Hertfordshire-based manufacturer of sports equipment, packaging materials and pyrotechnics, during the six months to end-June 1984.

From a loss of £45,000 last time, the group has returned taxable profits of £105,000. Although profitability has not matched the group's ambitions, Mr Paul Marks, chairman, says the directors believe that action should lead to a further uplift in the group's performance in 1985.

Turnover fell during the period, from £12.02m to £10.58m. Of this, packaging, which made "substantial progress," moved ahead from £5.03m to £5.36m, making a profit of £442,000 against £232,000.

Daves Cycles has performed well, but elsewhere the sports and leisure division continued to come under pressure and further rationalisation has been effected. The UK sports and leisure arm increased sales from £4.62m to £4.94m, although losses increased from £26,000 to £158,000.

The pyrotechnics business was severely affected by the loss of a major export contract, the chairman reports, and sales here were down from £875,000 to £474,000, making a loss of £97,000.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final and the subdivisions shown below are based mainly on last year's timetable.

TODAY
Interims:—Barlows, Fortnum and Mason, Forward Technology, Lake View Investment Trust, Scottish Television.

Finals:—Border and Southern Stockholders Trust, Lowland Investment, North Sea Assets, Pochin's, Rand Mines Properties.

FUTURE DATES
Interims:—
Capital Gearing Trust Nov. 8
Estates and Agency Nov. 2
Walter (Stanley) Nov. 20
Milletts Leisure Shops Nov. 21
PCT Nov. 23
Tysons (Contractors) Nov. 8
Finals:—
Epsom Nov. 28
LDH Oct. 29

Pre-tax profits were struck after reduced interest payments of £175,000 (£319,000) and before exceptional charges of £94,000 (£51,000) representing redundancy and related costs.

Looking at future prospects, Mr Marks says that packaging, which is now the group's largest business, is expected to continue to trade successfully. Investment in new plant and machinery will maintain the company's competitiveness in key market areas.

Daves cycles is also benefiting from recent capital expenditure, he says, while vigorous management action is being taken to improve performance and reduce costs in the sporting goods business. "This will release properties surplus to our future needs, the disposal of which should result in a significant reduction in borrowings."

Costs have been reduced in pyrotechnics business, he adds, and efforts continue to be made here to broaden the market base to mitigate the dependence upon a few large contracts.

The directors have declared an unchanged interim dividend of 0.25p. For the year to end-December last a total of 0.75p was paid on taxable profits of £256,000.

Net earnings per 10p share for the first half were shown as 0.54p compared with a loss of 0.24p per share, and on a fully diluted basis as 0.51p (loss 0.22p).

After extraordinary income of £52,000 (£19,000), and dividend costs of £48,000 (same), the profit transferred to reserves amounts to £108,000 against negative outflow of £74,000.

Castle (GB) rises 22% and more to come

Mr Richard Troughton, chairman of Castle (GB), is confident of further growth following a 22% rise in full year group taxable profits from £1.18m to £1.44m on sales of £16.32m against £18.91m.

"We still only have a very small share of the kitchen market," he says and adds that "bathrooms are in their infancy." Oltmar, the recently formed division engaged in electrical, gas and related appliances, has "considerable potential."

"In addition we are continuing to look for new opportunities and have in fact identified two such areas which we are investigating in depth," says Mr Troughton.

Shareholders in this US\$ stock are set to receive a final dividend of 1.75p, making a total of 2.5p for the year to July 2, 1984. A solitary final payment of 0.6p was made last year. Share earnings per share rose from 2.25p to 2.91p after tax of £273,000 (£513,000).

Over the 12 months kitchen operations provided the lion's share of profits with its contribution of £1.47m compared with £1.33m.

Losses from bathroom activities were substantially reduced to £32,000, against £133,000, following a £60,000 profit in the second half, and the chairman says that further progress should be made in the current year.

The chairman says that the initial response to the launch of Oltmar built-in kitchen appliance and accessories was very encouraging. "This division is growing rapidly and has traded profitably from the outset," he says.

Oltmar contributed £21,000 to group profits on turnover of £274,000. The kitchen division had turnover of £13.72m (£15.38m) while bathrooms' sale advanced to £2.33m (£1.53m).

During the year Castle replaced its existing kitchen cabinet system with a brand new design, extended for several cabinet colours from two to three, and added six new doors to the range.

This, says Mr Troughton, "was a major exercise which will not have to be repeated for several years but it has enabled us to increase the number of display units within our stockists, and this should provide us with increased turnover in the future."

He adds that new product have been added to the bathroom range which, he says, is now one of the most comprehensive available.

Walker & Homer pays 0.5p dividend

Although pre-tax profits in the year to July 31 1984 fell from £589,000 to £455,000, Walker & Homer Group, upholstered furniture manufacturer, is restoring its dividend—after a five-year absence—with a payment of 0.5p net.

The company serves the middle range of the upholstery market, which continues to be severely hit by the adverse economic climate and, in particular, the miners' strike, the director's state.

The immediate prospect therefore, continues to cause concern, since in addition to industrial unrest, the company is also faced with a depreciating currency, which inevitably leads to rises in material costs.

Turnover rose from £20.85m to £22.53m. Earnings per 5p share were lower at 2.25p (4.43p) after a tax charge of £184,000 (£3,000 credit). There was also a £77,000 extraordinary debit this time for rationalisation costs.

Rationalisation begins to bear fruit for Selincourt

THE RESTRUCTURING programme undertaken last year at Selincourt is beginning to pay off with a strong upward trend in the taxable result for the six months to July 31 1984.

In line with the board's expectations, the interim figures show an advance with profits more than doubled at £206,000 against a depressed £101,000. In the last full period a stronger second half lifted the total for the year to £391,000 (£407,000).

Despite the generally poor trading conditions throughout the first half, and the rationalisation activities, turnover slipped "only slightly," from £31.32m to £30.82m—Selincourt trades in the textile, lace and fashion garment business.

On current prospects, the directors state that selling for the new spring season has made an encouraging start, and they expect to see the improvement in the UK and Australian operations continue into the second half.

In order to preserve trustee status, the directors have declared a nominal interim dividend unchanged at 0.525p net per 5p share, equivalent to the total last time. Earnings are given as 0.29p (0.14p) per share.

Tax was up from £22,000 to £31,000, and minorities took £3,000 (£4,000) to leave profits at £182,000 (£74,000) at the attributable level.

In commenting on the half-year figures, the directors consider that the design and quality of the group's products have enabled it to overcome the worst effects of the poor market conditions. There was a strong positive trend in the UK, results, with benefits coming through from the previous year's rationalisation programme.

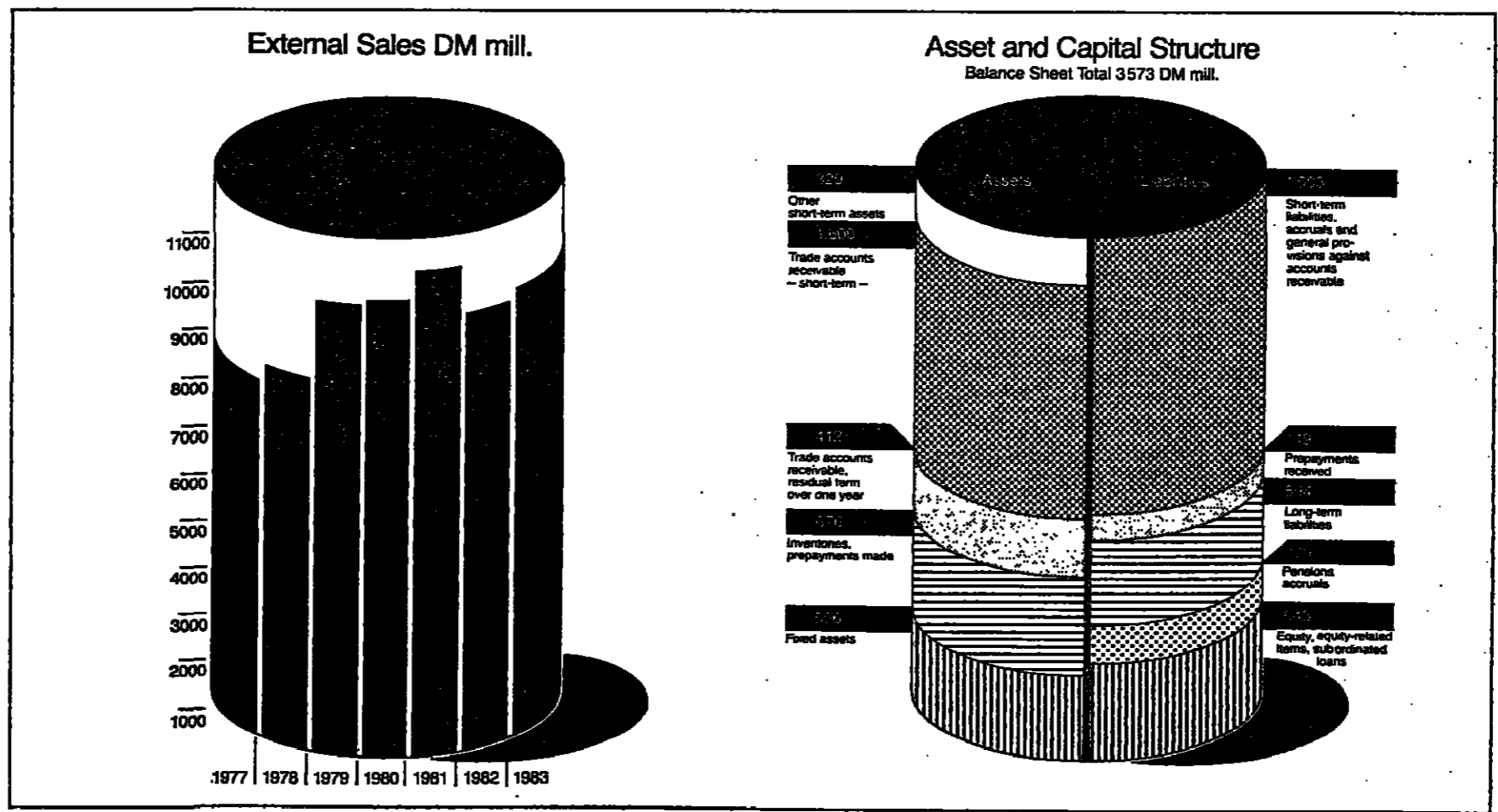
However, Tricoa operated at a trading loss in a very depressed French market and, as previously indicated, is currently undergoing a major rationalisation programme in France.

Performance 1983

KLOCKNER

KLOCKNER & CO's limited partner, viz. Peter Klöckner-Familienstiftung, transferred as of year-end 1983 its participation in the limited partnership to Peter Klöckner-Stiftung, a non-profit making foundation established by said limited partner. As of Dec. 31, 1983, the limited partnership KLOCKNER & CO was transformed into KLOCKNER & CO KOMMANDITGESELLSCHAFT AUF AKTIEN with the latter continuing the operations under this corporate name as of January 1, 1984. Major shareholder is Peter Klöckner-Stiftung in Duisburg.

The year 1983 was a year of success for KLOCKNER & CO KOMMANDITGESELLSCHAFT AUF AKTIEN. Added to domestic sales of DM 9.4 billion is the turnover of the non-consolidated subsidiaries outside of Germany amounting to DM 1.8 billion. In 1983, just as in the previous decades, maintaining continuity in its provisions against possible risks has had priority in income distribution policy.



During the past decade, the capital base doubled. Capital resources (equity, equity-related items and subordinated loans) largely cover the fixed assets. Its share of the balance-sheet total rose in 1983.

The total workforce fell by 382 to 7396 employees, compared with the previous year. The number of apprentices once again rose. A total of 2366 employees in 53 companies outside of Germany underscores the international character of our trading activities.

If you wish to be informed in greater detail, send in for our 1983 Annual Report. Address your request to Klöckner Presse und Information GmbH, Klöcknerhaus, D-4100 Duisburg 1, Federal Republic of Germany.

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MINING NEWS

A good showing by Anglo golds

BY KENNETH MARSTON, MINING EDITOR

A SET of good profit increases from the gold mines in the Anglo American Corporation group completes the latest batch of September quarter reports from the South African gold producers...

Free State Geduld comes out particularly well with a better than expected final dividend of 230 cents (107p). This is ahead of the previous year's final but follows the subsequent reduction in interim dividend...

Of the other firms, that of President Brand makes a very strong showing with a total of 350 cents against 310 cents; President Steyn 450 cents against 335 cents; and Western Holdings 365 cents against 350 cents...

The latest payments are compared in the following table:

Table with columns for company names (ERGO, F.S. Geduld, Free State, Pres. Steyn, W. Holdings, Western) and rows for various financial metrics like dividend, profit, etc.

Net profits of the mines have been boosted by the high gold prices received in terms of South African rands. President Brand has lifted its dividend by as much as 94 per cent over the previous quarter while Western Holdings has achieved an 83 per cent increase...

However, both mines over-provided for tax in the previous quarter with the result that subsequent sharply increased tax offsetting capital spending has left them with tax credits rather than deductions in the latest quarter...

Elandsrand which has lifted net profit by 25 per cent, states that the provision for company taxation made earlier in the year has been reversed as the com-

Inco sells less in third quarter and losses rise

LOWER nickel sales resulting from seasonal factors are responsible for a 25 per cent decline in quarterly loss for Canada's Inco of US\$1.6m (£266m), or 38 cents per share. This follows a loss of \$1.1m in the previous three months when the company reported operating earnings (\$31m) for the first time since the March quarter of 1982...

Even so, Inco still had operating earnings in the latest quarter and its total loss for the first nine months of this year is more than halved at \$81.5m compared with a loss of \$180.5m in the same period of 1983.

The improvement is stated to reflect reduced unit costs in both the primary metals and allied products businesses together with increased sales of nickel and precious metals. There was also some improve-

ment in nickel prices but those from lower nickel prices. Inco's loss for the first nine months of this year compared with \$81.5m in 1983, while severance costs and property write-offs amounted to \$45m in the first nine months of 1984 of which \$18m arose in the third quarter...

On the other hand, the company received \$11m in August 1984 in the first nine months of this year compared with \$11m in the first nine months of 1984 of which \$18m arose in the third quarter...

Total debt was reduced by \$52m in the first nine months of this year thanks, mainly, to proceeds of \$86m from the sale in August of cumulative redeemable preferred shares.

BP offers a new deal to Selstrust holders

THE expected restructuring plan is announced for British Petroleum's Selstrust. The new company will have an initial working capital of not less than A\$8m (£5.5m) cash.

Holders of Selstrust other than BP will be offered for each share a package in the new company consisting of three shares of 20 cents plus three options each to acquire a further share at par which will run until the end of 1989.

A cash alternative will be available, this being via the underwriting of the three-share, plus-three-options package at 84 cents (about 57p at current exchange rates). In other words, Selstrust holders will have the alternative of 54 cents cash for each Selstrust share.

Because of the basis of valuation the two figures for Agnew are not strictly comparable, but BP states that they still underwrite the need for a restructuring of Selstrust. Dealings in the share were suspended in London yesterday at 47p and in Australia at 70 cents.

Inspiration plans U.S. oil and gas take-over

A MOVE designed to gain advantage out of necessity is one way of looking at the rather complicated proposals for improving the battered fortunes of the U.S. copper-producing Inspiration Resources Corporation (IRC).

In the recent annual report of the Anglo American Corporation group's Bermuda-registered Minerals and Resources Corporation (Minroco) it was confirmed that a further \$100m was to be invested in IRC in order to maintain Minroco's equity stake at around 50 per cent and ease the strained finances of IRC. IRC's 50 per cent-owned subsidiary, Danville Resources, holds 53 per cent of Madison Resources, a U.S. company which has about \$600m worth of good quality oil

and gas assets plus some \$100m cash. IRC is now aiming to raise its stake in Madison to over 90 per cent.

It intends to do this by offering three shares plus 55 cash for each share in Madison. This will involve a considerable increase in the IRC issued capital, hence Minroco's need to subscribe some \$100m for additional IRC shares in order to maintain its percentage holding.

If the deal goes through it will have three advantages for IRC. It will reduce the company's debt (via use of part of the Minroco and Madison funds), it will further diversify the company's oil and gas interests and make for a wider public holding in its shares.

Transvaal

WESTERN DEEP LEVELS

Table for Western Deep Levels showing quarterly and nine-month results for 1984, including operating results, financial results, and development data.

Table for Western Deep Levels showing development data with columns for advance, channel width, and sampled gold/uranium.

Ground movements at Western Deep have resulted in a dilution of the grade of ore-hosted and the planned gold production for 1984 has had to be further reduced by 3,000 kg to 36,000 kg. The capital spending programme is to be speeded up - raising the forecast total for the year to \$210m from \$181m...

Planned production and capital expenditure for the year has been further reduced to 35,000 tonnes (previously 37,000) and \$181m (previously \$210m) respectively.

Capital expenditure commitments are \$20m and outstanding on capital contracts as at September 30 1984 totalled R28,032,000.

For and on behalf of the board: E. P. GUSH, W. R. LAWRIE, Directors

ERGO

Table for ERGO showing quarterly and six-month results for 1984, including operating results, financial results, and development data.

Table for ERGO showing development data with columns for advance, channel width, and sampled gold/uranium.

The interim dividend of 185 cents a share in respect of the year ending December 31 1984 was declared on July 19 1984, payable to members registered on August 10 1984 and was paid on September 14 1984.

Capital expenditure commitments are \$20m and outstanding on capital contracts as at September 30 1984 totalled R12,331,000.

For and on behalf of the board: E. P. GUSH, W. R. LAWRIE, Directors

October 19 1984

Gold mining companies administered by Anglo American Corporation

All companies are incorporated in the Republic of South Africa

Reports of the Directors for the quarter ended September 30 1984

VAAL REEFS

Table for Vaal Reefs showing quarterly and nine-month results for 1984, including operating results, financial results, and development data.

Table for Vaal Reefs showing development data with columns for advance, channel width, and sampled gold/uranium.

Capital expenditure commitments are \$20m and outstanding on capital contracts as at September 30 1984 totalled R22,722,000.

For and on behalf of the board: E. P. GUSH, W. R. LAWRIE, Directors

October 19 1984

VAAL REEFS—continued

Table for Vaal Reefs showing development data with columns for advance, channel width, and sampled gold/uranium.

The strike by members of the National Union of Mineworkers during the quarter affected production for two days but mill throughput was maintained by drawing from stockpiles.

Capital expenditure commitments are \$20m and outstanding on capital contracts as at September 30 1984 totalled R22,722,000.

For and on behalf of the board: E. P. GUSH, W. R. LAWRIE, Directors

October 19 1984

SOUTHVAAL HOLDINGS LIMITED and THE AFRIKANDER LEASE LIMITED

The attention of shareholders of these companies is directed to the report of Vaal Reefs Exploration and Mining Company Limited.

Capital expenditure commitments are \$20m and outstanding on capital contracts as at September 30 1984 totalled R22,722,000.

For and on behalf of the board: E. P. GUSH, W. R. LAWRIE, Directors

October 19 1984

S.A. LAND

The South African Land & Exploration Company Limited

Capital expenditure commitments are \$20m and outstanding on capital contracts as at September 30 1984 totalled R22,722,000.

For and on behalf of the board: E. P. GUSH, W. R. LAWRIE, Directors

October 19 1984

ELANDSRAND

Elandsrand Gold Mining Company Limited

Capital expenditure commitments are \$20m and outstanding on capital contracts as at September 30 1984 totalled R22,722,000.

For and on behalf of the board: E. P. GUSH, W. R. LAWRIE, Directors

October 19 1984

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

NOTE

Development values represent actual results of sampling, no allowances having been made for adjustments necessary in estimating ore reserves.

The Orange Free State Group's results appear on another page in this newspaper.

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

The residential market

Profits are the priority

BY GUY DE JONQUIERES AND JASON CRISP

BRITISH TELECOM'S slick self-portrayal as a fast-moving high-technology business using satellites, microchips and optical fibres is still at odds with most people's everyday experience. For the general public, BT is less the power behind the button than the snap and crackle down the telephone line.

Changing that perception among its 16m residential customers is one of the most demanding — and politically most delicate — tasks facing BT's management as it strives to shape the sprawling organisation into a tightly-run commercial enterprise.

To succeed, it will need to rewrite many of the economic rules which have governed its business since the turn of the century. It is also to engineer a quiet revolution in attitudes among its customers, many of whom regard the telephone as a necessary evil rather than as an extension of their personal freedom.

Like national telephone monopolies worldwide, BT has long provided residential connections more as a public service than as a profit-making business. Though it has billions of pounds worth of assets locked up in its local network, the return on that investment has long been marginal at best.

A typical UK household is, indeed, something of a commercial liability, using its telephone only once a day for between five and 10 minutes. BT has long financed its local service by subsidising it out of profits from international and trunk circuits.

However, the introduction of competition is rapidly undermining the economics of that cross-subsidy. Mercury, the only other UK carrier licensed so far, is naturally interested in challenging BT's monopoly only on its most lucrative routes. BT has already reacted to the threat by cutting sharply its tariffs for international and trunk calls.

As a consequence, getting residential service to pay for itself is a high priority, and one which BT would have had to face if it were not being privatised. Says Iain Vallance, managing director of Local Communications Services (LCS), the huge division responsible for the local network: "If we don't get LCS right, we don't get BT right."

For most households, BT is

likely to remain the only source of telephone service for many years to come. This is recognised in its licence, which imposes special social obligations on it. Even so, striking the right balance between the interests of its future shareholders and those of the community at large is likely to require skilful handling of public opinion.

BT is still debating, for instance, whether to charge for directory inquiry services, currently provided free. It is also approaching cautiously the future of its public telephone kiosks, which lost £50m last year.

Nonetheless, charges for less profitable services are being pushed up. BT's latest price package calls for a rise of 2.1 per cent in average inland tariffs — the maximum permitted by the new formula limiting its price increases. But it is structured in such a way that residential subscribers are expected to face a sharper increase in their bills than business customers.

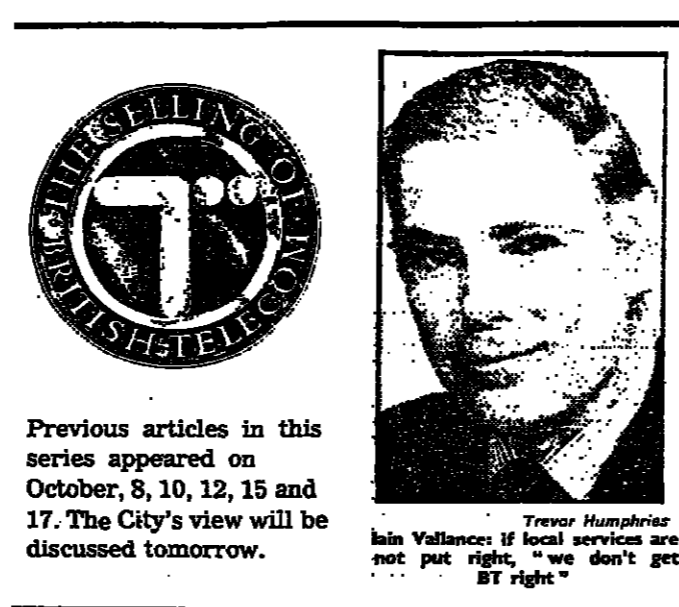
This "rebalancing" process is intended to align prices for BT's main services more closely with true costs and cut the advantage offered to competitors on highly profitable routes. Exactly where the equilibrium point lies, though, is still something of a mystery. "Rebalancing is more an art form than a science," says Colin Williams, commercial director of National Networks, the BT division responsible for trunk services.

The exercise is complicated by lack of precise information about where BT makes and loses its money. New accounting systems, now being installed, should help.

BT has little idea, either, of how the steady rise in residential charges during the next few years will affect calling volumes. But it believes that there is still plenty of scope to stimulate heavier usage of its local network through more effective marketing. Its primary objective is to get existing subscribers to use their telephones more, rather than to attract new ones.

Telephone penetration in Britain is still quite low by international standards, with less than 35 connections for every 100 people aged 41 in the U.S. and 60 in Sweden.

"But when you add customers,



Previous articles in this series appeared on October 8, 10, 12, 15 and 17. The City's view will be discussed tomorrow.

Trevor Humphries
Iain Vallance: If local services are not put right, "we don't get BT right."

you tend to add marginal customers with less income to spend," says Nick Kane, LCS marketing director. By contrast, BT estimates that if every existing residential subscriber could be persuaded to make one more trunk call a week, its annual profits would be boosted by £350m.

It has already been encouraged by the response to recent advertising campaigns designed to stimulate telephone usage. The organisation believes that it has much to learn from the U.S., where residential telephone usage is three times higher than in Britain. To find out why, it has commissioned detailed market research into telephone habits on both sides of the Atlantic.

BT managers think they already have some answers, however. "So much more purchasing of goods and services is done by telephone over there, using credit cards to pay," says Dr Peter Troughton, head of London region. "That sort of thing is in its infancy in Britain."

Longer term, it believes that the key to getting more customers' fingers to do the walking lies in shifting subtly the attitudes of a public which has long viewed the telephone either as a luxury or a lifeline. "We need to change the culture of the customer," says Nick Kane. "We need to understand his psychological approach to the telephone."

One popular idea which is already starting to change is that the telephone receiver is just a piece of standard equipment provided as part of BT's service. Since the outright sale of telephones was authorised two years ago, consumers have been offered a much wider choice of products equipped with features such as repeat dialling and number storage facilities.

Almost 5m extension tele-

phones are expected to be sold this year — most of them supplied by BT, which has been aggressively building up its marketing effort. Demand is expected to grow even faster from next year, when BT loses its monopoly over the rental of the first telephone in homes.

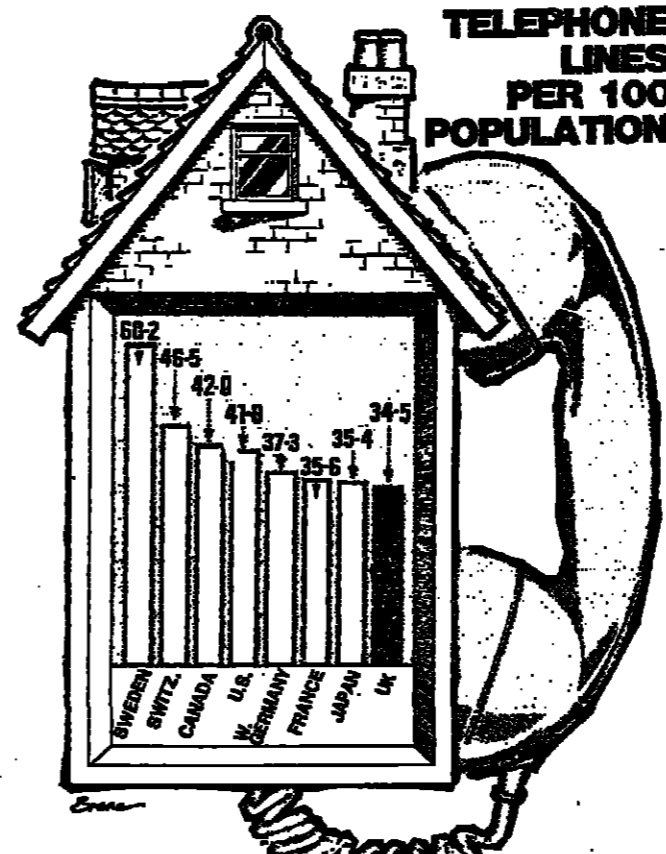
However, as BT itself recognises, the single biggest incentive to use those telephones more would be an improvement in its own service. The organisation has already started to tackle some particularly glaring deficiencies, notably waiting lists for telephones, noisy circuits and leisurely repair times.

Dramatic further improvements are promised for later this decade, as it steps up investment in modern electronic equipment. By the late 1980s, it aims to place all its customer records on computer-

ised data bases, to which its local staff will have instantaneous access via desktop terminals. Computerisation should also produce substantial cost savings. The plan will replace a Kafkaesque maze of mostly paper-based records which has grown up over decades. Even as simple a task as keeping a customer appointment on time can be a major exercise, requiring the laborious collation of essential information scattered around several different stacks of dog-eared cards. "We are the cobblers' children when it comes to using our own technology," says Vallance.

The directory inquiry service is also being computerised, which should speed up service sharply. BT is considering linking business customers to the computers via the Prestel service so that they can check numbers on their own terminals.

In parallel, irksome problems such as crossed lines and poor call connections should be eliminated at BT re-equips its network with the latest digital exchanges. After a slow start, the modernisation programme is moving rapidly into top gear. About 1m subscribers should be served by digital local exchanges by 1986, building up to 10m by 1990. These exchanges will also



Product development Modern strategies to weigh up cost and risk

WHEN Sweden's I. M. Ericsson and Canada's Northern Telecom began the rapid-fire development of new public telephone switching systems in the 1970s, they dealt with the immense technological difficulties of their projects on a step-by-step basis; components with new technology were introduced only gradually, and the simplest product variants were launched first.

Such an approach to speedy product development would have been applicable to Boeing's development of its new 767, an aircraft which contains an almost equally wide range of new technologies and components. One of the company's main tactics was to develop and test many key parts on existing aircraft before the 767 was fully specified, so that they were proven before their first test flight.

This analysis of different ways in which companies are speeding-up the product development process emerges from unpublished new research by McKinsey's European technology management practice, led by Dr Edward Krubasik, a partner in the firm's Munich office. It adds an extra dimension to the growing body of investigation into the steps that companies are taking to accelerate development, and thereby become more competitive (see "A vicious race to get ahead," page 16, September 19).

One of the main conclusions of the McKinsey work is that the ideal tactic for a company in any given situation are heavily influenced by the varying relationship between three factors: the cost of late entry to the market; the relative burden of development costs to the company's resources; and, underlying both factors, the extent of technological and market uncertainty.

When they began their development programmes, Ericsson and Northern Telecom were all too aware that, on every one of these counts, cost and risk were extreme. IBM, by contrast, was not in as vicious a three-pronged grip with the decision to develop its first personal

computer in just 14 months: though the cost of possible late market entry was extremely high, development costs were very low relative to its financial resources, and both technical and market uncertainty were minimal.

IBM could therefore remove all its normal management disciplines in giving the development team complete independence to run a "crash" programme, in which cost was virtually no object. It would also compress lead times by going to outside suppliers for much of the system's components and hardware. Little of this freedom of manoeuvre was available to the two telephone switching manufacturers.

Though the degree of development risk to some extent dictates the range of tactics available in any situation, Krubasik argues that companies should become more creative in their search for tactical alternatives. They should, for example, consider the careful use of licensing an immediate generation of products, in order to gain quick market entry and shift resources on to the development of the next generation.

In many industries the main stimulus for the speeding-up of development is the need to get products into the market more rapidly in order to exploit their shortening life cycles. But in the pharmaceutical industry, Krubasik points out, the prime motivation for earlier product launch is to secure extra (high-margin) sales during the drug's patented life: "The potential revenue gain is enormous," he says.

In long-cycle industries, such as aircraft, he argues, the incentive is less to speed the launch than to reduce technical and market risk by starting the development process later. As in the case of the Boeing 767, this renders more predictable the factors which will prevail several years into the future, when potential customers actually decide what they need, and whose product to buy.

Christopher Lorenz

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THE PROPERTY MARKET BY MICHAEL CASSELL

Mr Ritblat's £90m property deal clears up a little misunderstanding

JOHN RITBLAT, the inexhaustible enthusiast who runs British Land, one of the UK's largest property groups, is the last word in smart suits and financial sophistication.

Yet the man who this week bought £85.5m worth of properties from the Rank Organisation and pushed his own company's gross property assets nearer £600m, is the first to admit that the organisation he dragged back from the brink of extinction a decade ago has still got big problems with its image.

They are problems which, he insists, are total unjustified and which clearly irritate the 49-year-old chairman and managing director as well as his board colleagues.

The difficulty, as he sees it, lies in British Land's singular approach to the property business and in the inability of outsiders to fully appreciate it. What Ritblat sees as initiative and innovation, others sometimes view with incomprehension.

The net effect has been to leave British Land with a weak City rating and one of the highest discounts to net assets in the property share sector.

Critics have a number of reasons for their muted enthusiasm — growth in earnings has until now been less than spectacular — but perhaps the top of the list is the group's apparent readiness, repeatedly demonstrated, to leap into non-property trading and investment activities.

Such sorties have given British Land interests as diverse as the manufacture of military sleeping bags, corrugated board and concrete bricks and have left analysts wondering what on earth Mr Ritblat and his highly experienced team will do next.

Ever willing to oblige, the company announced in August that it was paying £11.25m for Gripperods, the carpet laying fittings group. Strategic share stakes, like the 7 per cent it currently holds in shoemakers Stylo, come and go, helping to cloud the image and giving rise to uncertainty about the group's prospects and future direction.

Mr Ritblat, hardly wracked with indecision and self-doubt, has no such misgivings and says that the bargain acquisition of the best part of £100m-worth of properties should set people's minds at rest.

"People say that British Land is a difficult company to understand. I say it is simplicity itself and that people choose to misunderstand." The only problem is that Mr Ritblat undoubtedly has one of the fastest minds and tongues in property finance and what he quickly grasps can invariably leave others scratching their heads.

Ritblat emphasises that every time he creates £1m in earnings, he can effectively support another £10m worth of growth. "We have to buy things. We didn't grow up in the days of cheap money. We have had to raise money only at times when

interest rates have been in double figures.

"We have pushed up our 1970 net worth from £3m to around £260m and every single penny has been generated internally. I am not complaining, but the biggest disadvantage under which we have had to labour is lack of cheap gearing."

"We buy Gripperods and people cannot understand it. This year, a business which cost us £5m net of cash will generate between £2m and £3m of profits. I don't know where else you can get an instant 25 per cent return. We have already written off the goodwill, so we have got the business for nothing."

"A lot of the things we have bought have been badly organised and under capitalised but we have pulled them together. This year, our industrial division will make up to £5m net, which is not bad on capital employed of £124m. The extra yield we derive from funds tied up in other businesses is our substitute for other people's long-term money."

Ritblat says the hard work of the last few years is now poised to pay off and that British Land is "bursting out all over with masses of growth on the way." It is a typically optimistic viewpoint from a man who remained bullish throughout the darkest days. In 1973, when the property world sank in a mire of weak demand and bad financing, Ritblat just manager to scramble to safety.



Ritblat — "people don't get the message"

British Land's share price dived to just 4p in 1974, but characteristic quick-thinking and some iron nerves saved the day and the company.

Ritblat first made his mark in the property world back in 1959 when he set up Conrad Ritblat, the West End estate agency, with colleague Neville Conrad. He remembers a 4 per cent bank rate, an FT index at 225 and a property market in which leases were reviewed every 33rd year and particularly aggressive landlords tried reducing them to 21 years.

His experience has put him in good stead and his knowledge of the property marketplace, together with his highly developed financial flair, make him one of the few significant, remaining entrepreneurs in a business which often seems stifled by an overbearing institutional influence.

As for this week's purchase of the Rank City Wall portfolio for £85.5m, at a 27 per cent discount on the gross assets involved, Ritblat readily acknowledges that the package is hardly prime.

"We don't always need alpha properties. It can be very attractive to have A-minus or B-plus. They can offer better yields and provide considerable room for manipulation."

"We do not plan to spend much on the properties but we will do some pruning. The whole deal will be totally self-financing in terms of holding costs and in terms of improvement. We will buy just as many

packages like this as the market cares to offer."

Both Rank and Ritblat concede that the vendors could have done a great deal better for themselves if they had been prepared to undertake a gradual disposals programme but Rank was in a hurry and British Land were standing by. Included in the portfolio of over 80 properties are six shopping centres and a mixed bag of shops, office and industrial stretching from Dunfermline to Dover. Over 60 per cent of the portfolio is in retail investments and the sale will double British Land's own retail exposure to around 20 per cent.

According to Ritblat: "An institution, even supposing it were interested, would find it hard to complete this sort of deal. They simply do not have the flexibility which was necessary in order to fit in with Rank's requirements. That cuts out half the competition and, as for the rest, it is not easy to write cheques for £50m. We have always made a virtue of having large cash resources and facilities which enable us to move fast."

The last time Ritblat put his philosophy into practice was in January when he paid £31.5m for Wimpey Property's half-share in Euston Centre properties. "Most people cannot finance a purchase of shares for 50 per cent of a company, so there was not much competition," he adds.

Perhaps one reason why competitors for the Rank

Rank package were not jostling for position was the tax burden associated with the portfolio. If Rank was to have liquidated the portfolio, substantial tax liabilities could have arisen and these have now been passed on to Ritblat's team.

British Land has certainly shown past form in saving tax where others have failed and the Rank deal is expected to be no exception. There are no elaborate schemes in mind, however, and the casual dismissal of such a potentially large liability is put down to good tax planning.

According to Ritblat: "Tax basically in Britain is very low if you set about things in the right manner. We had our tax strategy fixed even before we got to first base with Rank."

The deal has left the company with high gearing on the capital front but Ritblat says that is only dangerous if income stream is unhealthy.

"This transaction speaks volumes about what sort of company we are, but some people don't get the message. They say City of London property is best and then question our high exposure through ownership of Plantation House, one of the best bits of property in the Square Mile."

"We make £25m on the Rank deal but no doubt some people will turn up their noses. Mr Ritblat believes people will soon take on board the full potential of a revitalised British Land. It is just that they are sometimes a little slow."

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SECTION III - INTERNATIONAL MARKETS
FINANCIAL TIMES

Friday October 19 1984

NEW YORK STOCK EXCHANGE 34-36
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WALL STREET

Stock prices soar after oil price cut

THE PROSPECTS for a reduction in inflationary pressures and industrial costs in the wake of falling oil prices sent stock prices soaring and interest rates tumbling on Wall Street yesterday, writes Terry Byland in New York. The share market was easier at first, with market indices dragged down by a further spate of falls in oil stocks. Spurred on by a powerful rise in bonds, however, the stock market turned dramatically higher in the second half of the session to record the strongest daily gain since August 3. Airline stocks stood out strongly, and industrials featured General Motors at a new high of \$81 1/2 and IBM \$4 1/2 up at \$126 1/2. The Dow Jones industrial average, still 1 1/2 points down at mid-session, closed 29.49 points up on the day at 1,225.38. Turnover increased strongly as the market gained ground, and the day's share trading total of 150m was the highest since August 10. In the bond market, the key long-dated issue advanced by more than two full points to 105 1/2, to offer a yield of 11.81 per cent, while Treasury bill rates fell by 20 basis points. Both markets received a

final boost from Nigeria's decision to cut oil prices.

Encouraged by a dip in the federal funds rate to below 10 per cent, Treasury bill and other short-term rates tumbled in early trading, and the yield on the market's key long-dated Treasury bond fell below 12 per cent for the first time since mid-February.

Some analysts suggested that the credit market's optimism for an easing of Fed policies was overdone. The Fed intervened to drain reserves by means of matched sales of securities when the funds rate dipped to 9 1/2 per cent. Official data on personal income indicated continued buoyancy in the U.S. economy.

Oil stocks plunged as investors weighed the implications for earnings of the price cuts by Britain and Norway and prospects for the Opec meeting in October 29. Atlantic Richfield was again a major loser, dipping by a further 3 1/2 to \$45 1/2, with more than 1m shares traded before midday. At \$32 1/2, Chevron oil against lost \$1.

Exxon was also \$1 down at \$41 1/2 after topping the list of active stocks with 2.2m shares changing hands in the first half of the session.

Industrial stocks featured strong gains in motor issues, where General Motors at \$80 was \$1 1/2 higher, Ford at \$48 1/2 added 5/8 and Chrysler - an immediate beneficiary of lower interest rates - jumped \$1 1/2 to over \$32 1/2.

In the chemical sector, Monsanto lost 3/4 to \$42 1/2 on lower earnings, but Dow Chemical at \$29 edged up 1/4 after the figures were released. Celanese jumped \$1 1/2 to \$73 1/2 on higher earnings. The market was boosted by a gain of

\$1 1/4 to \$123 1/4 in IBM, closely matched by Honeywell \$2 1/2 up at \$57 1/2, and Burroughs \$1 1/2 better at \$55. Apple Computer, announcing a substantial gain in profits put on 3/4 to \$25 1/4.

Another lengthy list of corporate results had Inco, the world's largest nickel producer, traded steady at \$10 1/2 after disclosing a trading loss. Schlumberger, the oil search equipment group weakened by the industry slowdown, fell a further 3 1/4 to \$40 1/2 after its results.

Rail stocks had Chicago NW \$ 1/4 off at \$20 on lower profits. Other manufacturing issues responding to statements included 3M, \$ 1/2 up at \$60; R.J. Reynolds, \$ 1/2 lower at \$87 1/2; Maytag, unchanged at \$44 1/2; Textron, up 1/4 at \$32 1/2; Cox Communications, \$ 1/4 off at \$48 1/2; and Kimberley Clark, \$ 1/4 off at \$44 1/2.

In the consumer sector, Sears Roebuck held steady at \$32 1/2 after results which bore out recent investment comments, while Coca-Cola, reporting strong sales gains in Japan, gained 3/4 to \$63 1/2. U.S. Home eased 3/4 to \$66 on disclosing a third-quarter loss.

TOKYO

Limelight for the neglected

INVESTORS adjudged blue chips overpriced in Tokyo yesterday and turned their attention instead to usually unpopular issues, writes Shigeo Nishiwaki of Jiji Press.

The Nikkei-Dow market average advanced 17 points to 10,759.87 on volume totalling 376.06m shares, down from 409.79m. Losses outpaced gains 369 to 313, however, with 189 issues unchanged. The more widely based Tokyo Stock Exchange index eased 0.97 to 834.47.

The continued drop on Wall Street and the uncertain outlook for the yen-dollar exchange rate started to weigh heavily. High-priced and medium-cap blue chips have soared in recent days, and investors thus grew increasingly cautious and rapidly lost interest in forerunners.

Among the usually neglected stocks, Chori, a trading house under reconstruction with the assistance of banks, soared \$1 1/4 to Y164 on the heaviest deal for the day of 12.54m shares. Takashima, which had scored a daily limit gain of Y50 the previous day, added Y25 to Y272, apparently reflecting a healthy increase in profits of its electronics division.

Shimadzu, which is expanding its optical fibre communications equipment division, went up Y28 to Y703, and Nissin Spinning, which is branching out into machine tools, advanced Y31 to Y713.

Biotechnology-related pharmaceuticals remained popular, but investors' targets changed. Dainippon Pharmaceutical continued to rise, registering a Y280 increase at one stage, but shed much of the gain later, finishing Y90 higher at Y4,460.

Fujisawa Pharmaceutical came under profit-taking pressure after adding Y50, and closed at Y1,150, down Y30. By contrast, Iihara Chemical jumped Y89 to Y729 and Hisamitsu Pharmaceutical Y60 to Y680.

Leading blue chips eased, with Fuji Photo Film losing Y30 to Y1,630. Among high-priced blue chips, Kyocera dropped Y110 to Y8,330 and TDK Y70 to Y5,130 under small-lot selling.

Bond prices staged a sharp rally as buying gathered momentum, reflecting the firm tone on the New York market. In the wake of the previous day's fall, city and trust banks, financial institutions related to agricultural co-operatives, and corporations purchased a wide variety of bonds, albeit in small lots.

The yield on the benchmark 7.3 per cent government bonds due in December 1993 declined sharply from 7.125 to 7.095 per cent.

AUSTRALIA

RESOURCE STOCKS were highly vulnerable to selling pressure in Sydney as the previous day's nervousness grew on concern about international oil prices.

In the oil and gas sector, Santos dropped 16 cents to A\$5.58, after falling 12 cents on Wednesday. Bridge eased 10 cents to A\$2.60 and Hartogen 8 cents to A\$2.20.

Mineral stocks continued their decline with MIM down 10 cents to A\$2.60, taking its loss during the past two days to 40 cents, while Renison fell 10 cents to A\$2.70 and CRA 6 cents to A\$5.08.

Castlemaine Tooheys, the subject of takeover talk, took its advance during the past two days to 28p with an 18p rise to A\$3.28. Nicholas Kiwi, under offer from Reckitt and Colman at A\$3.94 a share, rose 5 cents to A\$4.25, while Wayne Nickless added 8 cents to A\$3.80, compared with APM's offer price of A\$3.52.

SINGAPORE

UNCERTAINTY remained present during trading in Singapore ahead of the Malaysian budget today.

Share prices in all sectors closed mixed after thin trading. Industrials were selectively traded with rubbers firm, banks steady and tin and property stocks quiet.

Among actively traded stocks Pan Electric firmed 2 cents to S\$3.20, and Innovent 12 cents to S\$1.50, while Promet eased 1 cent to S\$2.05.

EUROPE

Frankfurt buyers break free

THE MOOD of consolidation starting to pervade the European bourses, after a return by some to peak levels over the past weeks, was again in evidence yesterday - but with the significant exception of the West German market, where buying resumed on a wide front and in strong volume.

Much of the Frankfurt enthusiasm was attributed to a decline in domestic bond yields. Although the Bundesbank council meeting yesterday left credit policies unaltered, the trend implies a softer direction for other interest rates, makes equity returns more attractive, and paves the way for a stronger economic growth base, all in one sweep.

This theme, along with the already buoyant state of the German economy, has been aired with only minor variations this week in market outlooks produced by at least three major banks, a common refrain being that the summer strike setback is well out of the way.

Given the dominance of the banking groups in equity business, their advice is itself likely to have been a spur to the day's round of purchases.

The close left prices at the session's best, and the strength was thus not fully represented in the mid-session calculation of the Commerzbank index, 5.8 up at 1,083.3. Foreign orders were prominent.

A notable DM 30 jump in Allianz to DM 1,085 came amid revived rumours of a corporate reshuffle involving a stock split. Munich Re, an associate insurer, added DM 15 to DM 1,180.

Car makers showed uniform vigour, amid a boost reported in output by the industry, taking Porsche DM 17.50 upward to DM 1,067.50 and VW DM 4.40 higher to DM 182.

Lufthansa rose DM 6 to DM 157 on the prospect of lower fuel prices.

Preussag was a rare exception, off DM 1 at DM 259 amid its issue of bonds with warrants exercisable at DM 280.

Bond yields continued downward as prices gained as much as 1/2 point, allowing the Bundesbank to offload DM 114.7m in paper - up from Wednesday's already large DM 107.9m worth.

Milan was the only other centre to show much of a gain, but this derived largely from technical factors on the first day of a new account and was

achieved in turnover which tailed off through the day. The Banca Commerciale index finished 3.76 ahead at 212.13.

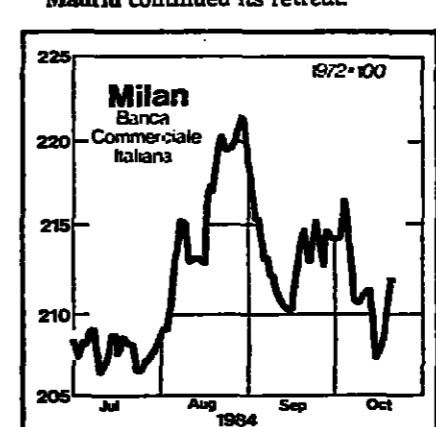
Speculative demand focused on La Centrale on persistent expectations of a merger with Nuovo Banco Ambrosiano, for which it is the holding company. It rose L\$2 to L\$2.127 and was quoted as high as L\$2.160 after hours, by which time most other issues were slipping.

Bonds traded quietly mixed. The sharpest movements in a mixed Amsterdam were oil-related. Royal Dutch fell F1 5.10 more to F1 183.1, but KLM jumped F1 2.80 to F1 42.80. Unlike its West German counterparts, the market failed to draw much impetus from good gains among domestic bonds, ranging to 30 basis points. Yields reached a year's low.

Paris showed CIT-Alcatel FFr 51 off at FFr 1,151, low Zurich volume allowed Alusuisse a SwFr 7 rise to SwFr 747, and Petrofina was again a Brussels weak spot with a BFr 110 fall to BFr 7,490.

In a lower Stockholm, Astra dipped SKr 5 to SKr 360 ahead of results and its London listing plans. Copenhagen accorded Novo its first tentative rally, up DKR 30 to DKR 1,375, since its reduced sales forecast.

Madrid continued its retreat.



HONG KONG

A SHARP decline in the Hong Kong overnight interbank deposit rate provided the impetus for an afternoon rally following a round of earlier profit-taking.

The rate dropped to 3 per cent at one point from around 12 per cent the previous day, reflecting investment money entering the country.

Among blue chips, Cheung Kong rose 5 cents to HK\$8.40, China Light 10 cents to HK\$14.40 and Hongkong Telephone 25 cents to HK\$43.75.

There was little movement among banking issues, with Hongkong Bank registering the most notable move with a 5-cent fall to HK\$6.75.

Large foreign orders were behind an 11-cent rise to HK\$1.63 by World International, according to several brokers.

LONDON

Late rally from the lowest

A RALLY of surprising momentum yesterday dragged London markets out of a two-day tailspin. In the wake of its largest ever one-day fall, initially extended, the FT Industrial Ordinary index regained 10 points during the afternoon to close down 4.2 at 834.5.

Equities were subject to aggressive selling shortly before noon, but as the stock was absorbed, albeit at lower prices, buyers stepped in to exert a fragile control over the market.

The factors which have driven the index 47 points lower during the past three sessions - fears of a shutdown of British coalfields and weakness of sterling - continue to dominate the thinking of London investors, however.

Oil stocks were among the major losers following the decision to cut North Sea crude oil price. BP fell 10p to 455p, Enterprise Oil 6p to 173p and Lasmo 13p to 285p.

Government securities encountered heavy selling, directed primarily at shorter maturities. Selected stocks dropped over a point before recovering to close only 1/2 lower.

Longer-dated gilts failed to rally to the same degree. After halving early losses of a point, quotations eased again later to close 1/2 down in places. Index-linked issues suffered even heavier losses, extending to 1 1/2 points.

Chief price changes, Page 36; Details, Page 37; Share information service, Pages 38-39

CANADA

CONFUSION about world oil prices sent leading energy issues into a sharp retreat in Toronto. Most groups were marked down at the beginning of trading and continued lower.

Metal and mineral producers and property groups also lost ground, although declines were less steep.

Montreal was also easier during slower trading.

SOUTH AFRICA

WEAKNESS in the bullion price led gold stocks lower in Johannesburg during quiet trading, although losses were generally small.

Among the heaviest losers, Vaal Reef closed down R4.50 to R109.0 and Simmer & Jack 15 cents to R4.80. Gencor group mines mostly followed the lower trend

Table with multiple sections: KEY MARKET MONITORS (Frankfurt Commerzbank, Paris CAC General), STOCK MARKET INDICES (New York, London, Tokyo, Australia, Austria, Belgium, Canada, Denmark, France, West Germany, Hong Kong, Italy, Netherlands, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, World), CURRENCIES (U.S. Dollar, Sterling, Euro-currencies), INTEREST RATES (Euro-currencies, U.S. Fed Funds, U.S. 3-month CDs, U.S. 3-month T-bills), U.S. BONDS (Treasury, Corporate), FINANCIAL FUTURES (Chicago, London), and COMMODITIES (Silver, Copper, Coffee, Oil).

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of stock prices with columns for 12 Month High/Low, Stock, Div. Yld. E, P, S, 100s High, and various price points.

Continued on Page 35

Handwritten signature or stamp at the bottom center of the page.

WORLD STOCK MARKETS

AUSTRIA

Table of Austrian stock prices including Creditanstalt, Oesterreichische, and others.

GERMANY

Table of German stock prices including AEG-Telefunken, Allianz, and others.

NORWAY

Table of Norwegian stock prices including Bergen Bank, Christiania Bank, and others.

AUSTRALIA (continued)

Continuation of Australian stock prices including Gen Prop Trust, Harolds, and others.

JAPAN (continued)

Continuation of Japanese stock prices including MHI, Matsui, and others.

OVER-THE-COUNTER Nasdaq national market, closing prices

Large table of over-the-counter stock prices with columns for stock name, price, and change.

LONDON

Chief price changes (in pence unless otherwise indicated)

Table of London stock price changes, categorized into RISES and FALLS.

BELGIUM/LUXEMBOURG

Table of Belgian/Luxembourg stock prices including B.B.L., Belfort, and others.

SPAIN

Table of Spanish stock prices including Ducha Babcock, Deutsche Bank, and others.

SWEDEN

Table of Swedish stock prices including AGA, ASEA, and others.

HONG KONG

Table of Hong Kong stock prices including Bank East Asia, Cheung Kong, and others.

JAPAN

Table of Japanese stock prices including Allinormet, Amada, and others.

SINGAPORE

Table of Singapore stock prices including Boustead Hldg., Gold Storage, and others.

SOUTH AFRICA

Table of South African stock prices including Abercombie, Anglo Am Coal, and others.

DENMARK

Table of Danish stock prices including Andelsbanken, Batic Bank, and others.

ITALY

Table of Italian stock prices including Banca Com., Centrale, and others.

NETHERLANDS

Table of Dutch stock prices including ACF Holding, AEGON, and others.

FRANCE

Table of French stock prices including Emprunt 4 1/2, Emprunt 7 1/2, and others.

NETHERLANDS

Table of Dutch stock prices including ACF Holding, AEGON, and others.

FRANCE

Table of French stock prices including Emprunt 4 1/2, Emprunt 7 1/2, and others.

NETHERLANDS

Table of Dutch stock prices including ACF Holding, AEGON, and others.

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NETHERLANDS

Table of Dutch stock prices including ACF Holding, AEGON, and others.

NETHERLANDS

Table of Dutch stock prices including ACF Holding, AEGON, and others.

CANADA

Table of Canadian stock prices including 270 Alco, 4800 Alcan, and others.

CANADA

Table of Canadian stock prices including 270 Alco, 4800 Alcan, and others.

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CANADA

Table of Canadian stock prices including 270 Alco, 4800 Alcan, and others.

CANADA

Table of Canadian stock prices including 270 Alco, 4800 Alcan, and others.

MONTREAL

Table of Montreal stock prices including 1800 Bank Mont, 2100 Bell, and others.

AMERICAN STOCK EXCHANGE CLOSING PRICES

Large table of American stock exchange closing prices with columns for stock name, price, and change.

Continued on Page 44

ENERGY REVIEW - every Wednesday in the Financial Times

Handwritten note: 'Nucleon Ltd'

LONDON STOCK EXCHANGE

MARKET REPORT

RECENT ISSUES

Sharp early falls reduced as markets attempt to pull out of three-day slide

Account Dealing Dates
*First Declared - Last Account Dealing Times Dealing Day
Oct 21 Oct 18 Oct 22
Oct 15 Oct 25 Oct 18 Oct 22
Oct 20 Nov 5 Nov 19

London share and stock values tumbled for the third consecutive day and mid-way through the session the FT Index of 30 leading industrial shares looked set to match Wednesday's largest-ever fall. However a rally, which appeared fragile initially, surprisingly gathered momentum later and slide was sharply reversed. Down 14 1/2 points, the index subsequently regained over 10 points to close only 4 1/2 down on balance at 2945.5.

Standing alongside together with oil price worries and the prospect of a total shutdown of the coalfields continued to be the most serious influences, but another threat emerged. Fears of higher base lending rates suddenly revived following a marked rise in UK money market rates early yesterday. Should this trend persist, the clearing banks would be forced to increase their charges for credit.

The events in money markets, along with the fresh deterioration in the price of oil, were the morning pressure on share markets. Equities were sold quite aggressively shortly before noon, but the stock was later absorbed, albeit at lower prices, and this signalled the eventual rally. Leading Oils were the exception and recorded falls ranging to 15, despite closing a few pence above the worst levels.

Government securities also encountered heavy selling, most of which was directed at shorter maturities. As dealer credit fears took hold, selected stocks dropped over a point before recovering sharply to close only a net 1/2 lower. Longer-dated Gilts fell to rally to the same extent, being affected by futures market trading activity and early losses of a point, quotations eased again later to close to 1/2 down in places.

Lloyds improve
The major clearing banks displayed considerable resilience. Lloyds closed a few pence dearer at 478p, after 480p, following news of the proposed plan to merge the bank's UK and international divisions by January 1985.

FINANCIAL TIMES STOCK INDICES

Table with columns for indices (Government Secs, Fixed Interest, Industrial, Gold Mines, etc.) and values for Oct 18, 19, 20, 21, 22, 23, and Year Ago.

HIGHS AND LOWS S.E. ACTIVITY

Table showing High/Low for 1984 and Since Completion for various indices like Govt. Secs, Fixed Int., Ind. Ord., and Gold Mines.

ceptually well in the recent market shake-out, hardened 3 more to 133p, after 135p. Publication of Dixon's offer document prompted a vehement rejection of the takeover target Currys; the latter rallied from 394p to close only a net penny cheaper at 399p, 1 1/2 above the shares-and-offer from Dixons, 7 lower at 293p, after 300p.

A late rally helped Leading Electricals close well above the day's lowest levels. Fiesley were particularly resilient, recovering from 206p to finish 2 better on balance at 214p. Thomson ENI ended 5 down at 417p, after 410p. Elsewhere, falls among secondary issues were quite severe. International Signal Control fell 15 to 235p, after 238p, while Designers dropped 30 to 445p and Memex 12 to 288p.

a leap of 20 to 65p in response to the strong profits recovery and resumption of dividend payments. Clubb closed 12 higher at 280p, the bid from Rascal has been declared unconditional.

Travel shares weakened with Horizon falling 12 to 145p in the absence of any bid developments. Intan lost 5 to 105p. Among Television issues, occasional demand lifted ITW "A" 9 to a 1984 peak of 288p.

Jaguar, down to 180p initially, attracted fresh demand and rallied to finish a net 3 to the good at 205p. Reliant, on the other hand, sustained a fall of 3 at 44p. Among Components, recently-beleaguered Dowty settled 2 cheaper at 151p, after 157p, while losses of 4 were common to Automotive Products, 45p, and AE, 86p. Lucas reacted to sporadic profit-taking and closed a net 1/2 dearer at 429p.

Prominent takeover target DRG remained active and moved setting a net 7 dearer at 183p. Sporadic offerings lowered Properties, but the falls were generally modest. Land Securities, in the Colas, 480p, while MEPC settled just a penny lower at 313p. Great Portland Estates gave up 4 at 162p and Stages closed 5p cheaper at 135p. Elsewhere, Chubb, 490p, Estates gave up 15 at 695p, while news of the rights issue in Convertible loan stock left Estates Property Investment a couple of pence down to 158p.

Among heavyweights, Winkfield improved 4 to 530p in the wake of the increased September-quarter profits as did Kianore 4 dearer at 214p. Australians were mixed and generally subdued. Sellstrut was suspended, at 47p, ahead of the announcement of a restructuring of the company.

Demand for Traded Options remained buoyant. Total contracts struck amounted to 9,459 - only slightly below Wednesday's record. Operators showed fresh enthusiasm for the FTSE 100 which, in a lively two-way business, accounted for 1,543 calls and 1,240 puts. Understandably, much of the business elsewhere centred on Oils. BP and Esso recorded 389 and 196 calls respectively, while 335 puts were transacted in Shell Transport.

Sellers continued to hold sway Dawson International closed 6 off 260p, but sustained around 100p, which, in a lively two-way business, accounted for 1,543 calls and 1,240 puts. Understandably, much of the business elsewhere centred on Oils. BP and Esso recorded 389 and 196 calls respectively, while 335 puts were transacted in Shell Transport.

Oil prices were lower on Wednesday evening by BNOEC and fears that the move would lead to a price cutting Green among oil producers, unavailing on an already sensitive oil market. Prices of leading issues were marked down sharply at the outset, but stabilised around losses following news that OPEC is to hold a special consultative meeting in Geneva on October 29 to discuss the world oil prices.

Afternoon trading was much quieter, but leading stocks were left growing widespread losses which ranged to 15 in Shell, 610p, after 606p. BP settled 10 off at 455p, after 451p. LASMO dropped 13 to 255p, after 261p, and British closed net 4 cheaper at 208p, after 203p. Enterprise Oil were 6 down at 170p.

Secondary issues mirrored the trend in the leaders with Sovereign Oil 10 lower at 205p 100p. Carless fell 10 to 194p 100p. But, rather, to close a net 4 off at 173p. Premier settled a like amount lower at 63p.

Overseas Traders closed with losses but the latter were made up to 10 at 383p, while falls of 4 were common to Learne, 145p, and Gill and Davies, and Newmar, 163p. The last named is due to reveal interim figures next Wednesday. Harrison and Crossfield remained friendless and shed 13 more to 460p for a total of 28 since the first-half results were announced on Tuesday.

Hampton Areas weak
Modest rises prevailed among Plantations. Anglo-Indonesian, a lively market recently, firmed

EQUITIES

Table of recent issues with columns for Issue Price, Amount, Date, High, Low, Stock, and Change.

FIXED INTEREST STOCKS

Table of fixed interest stocks with columns for Issue Price, Amount, Date, High, Low, Stock, and Change.

"RIGHTS" OFFERS

Table of rights offers with columns for Issue Price, Amount, Date, High, Low, Stock, and Change.

NEW HIGHS AND LOWS FOR 1984

Table listing new highs and lows for 1984 across various sectors.

OPTIONS WEDNESDAY'S ACTIVE STOCKS

Table of options and active stocks with columns for Stock, Change, and Day's Change.

RISES AND FALLS YESTERDAY

Table showing rises and falls in stock prices yesterday.

LONDON TRADED OPTIONS

Large table of London traded options with columns for Option, Date, Price, and various call/put indicators.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table of FT-Actuaries Share Indices with columns for Equity Groups & Sub-sections, Date, and various performance metrics.

FIXED INTEREST

Table of fixed interest rates and yields with columns for Price Indices, Dates, and Yields.

W. Tyzack & Turner up

Miscellaneous industrial leaders rallied late to close above the day's lowest levels. Pilkington, 13 down at 292p, and Metal Box, 12 off at 320p, were two notable exceptions but BOC recovered from 224p to 229p.

EUROPEAN OPTIONS EXCHANGE

Table of European options exchange with columns for Series, Vol, Last, and various call/put indicators.

*FT yield. Highs and lows record, base dates, values and construction changes are published in Saturday issues. A list of constitutions is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4A 3DF, price 15p, by post 25p.

Table with columns for Hotel Name, Location, and various financial metrics.

FT LONDON SHARE INFORMATION SERVICE

Espley Trust plc - broadly based for growth London - Leeds - Birmingham 021-454 9881

BRITISH FUNDS

Table of British Funds with columns for Name, Type, and Performance metrics.

Over Fifteen Years

Table showing performance of funds over a 15-year period.

Undated

Table of undated fund performance data.

Index-Linked

Table of index-linked fund performance.

INT. BANK AND O'SEAS GOVT STERLING ISSUES

Table of international bank and government sterling issues.

CORPORATION LOANS

Table of corporation loan data.

COMMONWEALTH AND AFRICAN LOANS

Table of commonwealth and African loan data.

LOANS Building Societies

Table of building societies loan data.

Public Board and Ind.

Table of public board and industrial loan data.

Financial

Table of financial loan data.

FOREIGN BONDS & RAILS

Table of foreign bonds and rail data.

AMERICANS

Table of American stock market data.

BEERS, WINES—Cont.

Table of beer and wine market data.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of building, timber, and roads industry data.

DRAPERY & STORES—Cont.

Table of drapery and stores market data.

ELECTRICALS

Table of electrical industry data.

ENGINEERING—Continued

Table of engineering industry data.

INDUSTRIALS (Miscel.)

Table of miscellaneous industrial data.

CANADIANS

Table of Canadian stock market data.

BANKS, HP AND LEASING

Table of banks, hire purchase, and leasing data.

CHEMICALS, PLASTICS

Table of chemicals and plastics industry data.

DRAPERY AND STORES

Table of drapery and stores market data.

BEERS, WINES AND SPIRITS

Table of beer, wine, and spirits market data.

FOOD, GROCERIES, ETC

Table of food, groceries, and other consumer goods data.

ENGINEERING

Table of engineering industry data.

HOTELS AND CATERERS

Table of hotels and caterers data.

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Handwritten text: "HOTELS AND CATERERS"

Handwritten note: 10/19/84

INDUSTRIALS—Continued

Table of industrial stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and volume.

LEISURE—Continued

Table of leisure stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and volume.

PROPERTY—Continued

Table of property stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and volume.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and volume.

OIL AND GAS—Continued

Table of oil and gas stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and volume.

MINES—Continued

Table of mining stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and volume.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and volume.

Commercial Vehicles

Table of commercial vehicle stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and volume.

Components

Table of component stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and volume.

Garages and Distributors

Table of garage and distributor stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and volume.

SHIPPING

Table of shipping stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and volume.

SHOES AND LEATHER

Table of shoe and leather stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and volume.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and volume.

PAPER, PRINTING

Table of paper and printing stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and volume.

TEXTILES

Table of textile stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and volume.

TOBACCO

Table of tobacco stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and volume.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and volume.

PROPERTY

Table of property stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and volume.

INSURANCES

Table of insurance stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and volume.

LEISURE

Table of leisure stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and volume.

PROPERTY

Table of property stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and volume.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and volume.

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Table of oil and gas stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and volume.

MINES

Table of mining stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and volume.

Regional and Irish Stocks section header

Options—3 month call rates section header

Options—3 month call rates table

40 AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Tr. Mgrs. (a), High Growth, and others, with columns for name, manager, and performance metrics.

FT UNIT TRUST INFORMATION SERVICE

Main table of unit trusts including categories like Franklin Unit Mgt. Ltd., Key Fund Managers Ltd., and others, with detailed performance data and dates.

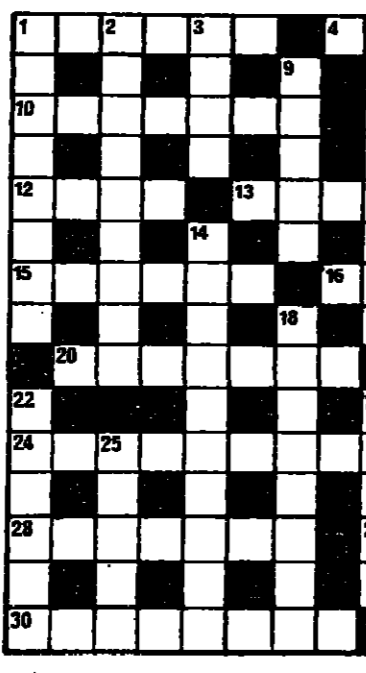
Table of insurance companies and their products, including British Overseas Life, Prudential, and others.

INSURANCES

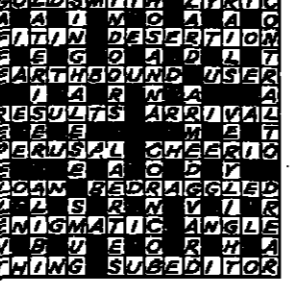
Table listing various insurance policies and providers, such as AA Friendly Society and others.

F.T. CROSSWORD PUZZLE No. 5,547

- ACROSS
1 Language of boy in love (6)
4 Production saloon on collision course? (9-3)
10 Costing for 3 to disappear right inside (7)
11 A pound? - Menu is off for some egg (7)
12 Extra road (4)
13 Eccentric rook, easy to knock down (-4-6)
15 Disclose secret of American leader in Baghdad (6)
16 Weariness in bedroom perhaps? (7)
20 Somebody starting with dental trouble is biased? (7)
21 Run-ups for bowlers? (6)
24 Ace nephews, played in 'Hare and Hounds' (5-5)
28 Felt oddly sinister (4)
29 More adroit city-dweller (7)
29 Live round the bend like the remainder (7)
30 County most upset about Gaelic? (8)
31 Comic Norman sagacity (6)



Solution to Puzzle No. 5,546



ACROSS
1 Language of boy in love (6)
4 Production saloon on collision course? (9-3)
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Handwritten signature 'J. H. L. S. D.'

INSURANCE, OVERSEAS & MONEY FUNDS

Handwritten note: 10/19/84

Table of financial data for various insurance and investment funds, including Liberty Life Assurance Co Ltd, Life Assn. Co. of Pennsylvania, and others.

Table of financial data for insurance and investment funds, including Sun Life of Canada, Sun Life of Canada (UK) Ltd, and others.

Table of financial data for insurance and investment funds, including Sun Life of Canada, Sun Life of Canada (UK) Ltd, and others.

Table of financial data for money market and trust funds, including Money Market, Trust Funds, Money Market, and Bank Accounts.

OFFSHORE AND OVERSEAS

Table of financial data for offshore and overseas funds, including Sun Life of Canada, Sun Life of Canada (UK) Ltd, and others.

Money Market

Trust Funds

Money Market

Bank Accounts

NOTES: Prices are in pence unless otherwise indicated. All rates are subject to change without notice.

COMMODITIES AND AGRICULTURE

UK grain trader calls for export credit boost

ONE OF Britain's leading grain traders yesterday called on the Government to give more backing to cereals exports, by means of improved credit facilities or long-term contracts based on the French model.

Complaints

"Out of six major world exporting countries only two—Britain and Argentina—do not offer credit facilities" he added. Mr Nelson-Smith's remarks are the latest in a growing chorus of complaints from the UK grain trade about lack of government support.

Mr Peter Pooley, EEC Commission deputy director general for agriculture, said at the Cargill opening that this year's Community wheat crop would total 70m tonnes, giving a surplus over domestic demand of 20m.

U.S.—EEC clash on feed imports

BY ANDREW GOWERS IN LONDON AND STEWART FLEMING IN WASHINGTON

IN A continuation of the trans-Atlantic guerrilla war over farm trade, U.S. and EEC officials have clashed again over the Community's plan to curb American duty-free sales of corn gluten feed.

The confrontation in the latest round of talks on American exports of the feed this week in Geneva. Corn gluten is used as a high-protein cereal substitute.

According to EEC officials, the U.S. delegation again refused to discuss the possible modification of its tariff-free concession in corn gluten, or a previous EEC offer to compensate Washington for lost trade under the rules of the General Agreement on Tariffs and Trade.

The American officials are said to have added that if the Community proceeded to curb its corn gluten sales unilaterally, Washington "would be under strong pressure to demand compensation."

Dairy trade row continues

BY ANDREW GOWERS

TALKS THIS week between British dairy companies, the Milk Marketing Board and the Ministry of Agriculture have failed to placate the dairy trade in its campaign to reform the board's operations.

Further meetings between the Dairy Trade Federation and the other two parties are expected next week.

Ministry officials have indicated that they will set out ideas for resolving the dispute early in the week, ahead of a special meeting of the federation's government council on Wednesday and a tripartite meeting on Friday.

The Ministry's presentation of its views could pave the way to compromise. However, if the DTF is not satisfied, Mr

Increase in Brazilian coffee output predicted

BRAZIL'S 1985-86 (July-June) coffee production is forecast at 37m bags (60 kg), up from 37m bags estimated for the present season, the U.S. Agricultural Department said.

Improved crop prospects in the states of Sao Paulo and Minas Gerais more than offset damage caused by frost in Parana, it said in its world production and trade report.

Freezing temperatures in late August did not reach these states but caused superficial damage to about 10 per cent of coffee trees in Parana, the Department added.

COPPER led a general rise in base metal values on the London Metal Exchange yesterday.

The main influence remained the continuing slide in sterling, but reports of fresh physical demand from China were also quoted as a factor encouraging cash high grade copper to an advance to £1,048.50 a tonne.

The LME's cash nickel quotation ended the day £83 up at £4,588 a tonne, its highest-ever level.

PUTCH cocoa bean grindings fell 0.6 per cent to 34,960 tonnes in the third quarter of 1984.

Mark Meredith on the problems facing Scottish hill farmers Scrapping a living in the Highlands

THE hill farmer in the drought-ravaged but dramatic Scottish Highlands is an endangered species. Like a shepherd in Greece or a wine grower in parts of Corsica, he has little or no hope of running his farm economically, let alone profitably.

However, the Scot has achieved some success in improving his position through better marketing. The system no longer seems to work quite so much against him.

While the industrial worker, he might well have already lost his job. But the hill farmer still many of his European colleagues, operating at the periphery of their domestic economies, are also something of a protected species.

They will receive £2.5m between 1985 and 1987 in social payments for the least efficient Community farms contained in the EEC. Often over half their income is accounted for by government grants.

Policy helps the hill farmer. He breeds his sheep over the summer but the subsidies are paid to the farmers who buy his sheep every spring and fatten them for slaughter.

As the hill farmer does not receive the real benefit of the market-place, he is paid the

and another Depopulation is the ever-present threat in the Highlands. Take away the farmer and the fragile social infrastructure starts to crumble. The schools, health facilities, transport disintegrate. The population starts to move out towards the cities.

Within a system and a way of life so dependent on government assistance have come new government measures to encourage more initiative and self-help in agriculture.

Highlands and Islands Livestock (HILL), set up by the Highlands and Islands Development Board last season, has made some progress in getting hill farmers better prices for their sheep and cattle and improving quality. It has also helped put much-needed competition into the marketing structure which worked against the farmer with a small herd.

The Common Agricultural Policy helps the hill farmer. He breeds his sheep over the summer but the subsidies are paid to the farmers who buy his sheep every spring and fatten them for slaughter.

As the hill farmer does not receive the real benefit of the market-place, he is paid the

HILL Livestock Compensatory Allowance per head of sheep or cattle and he also benefits from the suckler cow and ewe premiums.

In the Highlands this adds up to about 383m in subsidies to some 15,000 farmers—£3,500 per farmer. Net income for hill farmers last year worked out an average of £7,600 for a sheep farm, and £8,800 for a cattle farm.

Selling your entire production once a year is a dangerous business. The market expects a flood of sheep from the Scottish Highlands and Islands at the same time each year often pushing prices down. Also sales are often carried out through one or two buyers travelling to farms in outlying areas.

The farmer must sell his sheep in the winter on the thin grass and must take whatever price is going.

HILL now with 1000 members in Scotland (there are about 26,000 farmers all together), has improved the selling price of cattle and sheep by 5 to 10 per cent for some west coast hill farmers and as much as 20 per cent for farmers in some remote islands.

By selling direct on behalf of farmers to buyers the

organisation has provided an alternative market place and taken out the middlemen who often buy the sheep to sell on to fatteners. The hill farmer is more selling out than before and his market is more stable.

HILL sells at an agreed price so a farmer knows the price his sheep will fetch during a certain week. Normally he would only know his year's income on auction day.

HILL has overcome some of the problems caused by purchases of small numbers of sheep from large numbers of farmers. It offers buyers a general batching procedure and a classification which in turn encourages farmers to produce the best selling breeds at the best weights.

About 10 per cent of sheep sales in the Highlands have been conducted through HILL. This has made the auction market take notice. About 600 cattle will be traded through HILL this season.

Meanwhile, in trying to improve the overall market conditions for livestock in its preserve, HILL has advertised on behalf of the auctioneers to bring in more buyers.

Record Malaysian palm oil output in September

BY JOHN BUCKLEY

MALAYSIAN production of crude palm oil rose to a record 411,171 tonnes in September from 363,236 tonnes in August, according to European trade sources. They noted output was more than 100,000 tonnes higher than the same month last year and 2 per cent more than the previous record set in September 1982.

Traders had predicted a rise to between 400,000 and 430,000 tonnes for the peak producing month of the season and tonnage nudging the 400,000 level is expected for October. Thereafter output could decline by about 20 to 25 per cent a month as the wintering period starts.

This will put annual production on course for 3.5m tonnes as the palm trees recover from the effects of drought and weevil stress. With new planting schemes reaching maturity, some sources are already confidently predicting output will reach 4m tonnes in 1985.

recently shown strong recovery in India and the Soviet Union, and heavy shipments are expected to be booked out of Malaysia in October and November. Even so there has been some build-up in supplies of crude available to the European market, dealers say.

Many observers believe Malaysia is increasingly reluctant to engage in its traditional practice of price cutting to win markets from soy and other oils.

One reason is market nervousness over the U.S. soyabean crop which is being harvested later than usual under wet conditions in the Mid-West. However, few traders now expect soy oil supplies to run out before the new crop becomes available.

Another explanation put forward by some merchants trading with Malaysia is that producers have grown tired of the decrease in profitability resulting from a continual price war against rival oils.

registered modest losses on reports of favourable harvests; weather in Europe. Cocoa was under pressure on the lack of winter production along with better availability of nearby cocoa. Coffee came under pressure as buyers hesitated to bid at lower levels. Cotton came under pressure on weak selling on expectations that the weather will clear.

SILVER 5000 tray sale, cents/1000

PRICE CHANGES

Table with columns: In tonnes unless stated otherwise, Oct. 18 1984, + or - Month ago, Oct. 19 1984, + or - Month ago. Rows include Metals (Aluminium, Free Mkt., Copper, etc.), Oil, Commodities, and other price changes.

BRITISH COMMODITY PRICES

Table with columns: BASE METALS, NICKEL, COPPER, SILVER, TIN, COCOA, LEAD, ZINC, GRAINS, WHEAT, BARLEY. Rows show prices in various units and currencies.

AMERICAN MARKETS

Table with columns: NEW YORK, NEW YORK, NEW YORK, NEW YORK. Rows show prices for various commodities like COCOA, COFFEE, COTTON, CRUDE OIL, etc.

AMERICAN MARKETS

Table with columns: CHICAGO, CHICAGO, CHICAGO, CHICAGO. Rows show prices for LIVE CATTLE, LIVE HOGS, SOYBEAN OIL, etc.

LONDON OIL

Table with columns: CRUDE OIL—FOB (8 per barrel), Arabian Light, Dubai Heavy, North Sea (Brent), etc.

GAS OIL FUTURES

Table with columns: Prices gained \$2.00 lower but quickly rallied \$2.00 before meeting a fresh wave of selling. After a morning of recovery, renewed pressure depressed the market further.

INDICES

Table with columns: FINANCIAL TIMES, DOW JONES, WOODY'S. Rows show index values and dates.

INDICES

Table with columns: COFFEE, COTTON, CRUDE OIL, etc. Rows show index values and dates.

GOLD MARKETS

Gold closed unchanged at \$340.340. It opened at \$337.338 and was fixed at \$339.24 in the morning and \$339.24 in the afternoon. The metal touched a peak of \$340.341, and a low of \$337.337.

LONDON FUTURES

Table with columns: Gold and Platinum Coins Oct. 18, Oct. 17. Rows show prices for various gold and platinum coins.

SOYABEAN MEAL

The market opened 50 higher in active trading conditions, reports T. G. Rodick. Prices moved back and forth during the day but closed at the opening levels.

SOYABEAN MEAL

Table with columns: SOYABEAN MEAL 48,000 U.S. gallons, SOYABEAN MEAL 50,000 U.S. gallons. Rows show prices for different grades of soyabean meal.

EUROPEAN MARKETS

PARIS, October 18. Cocoa—(FFr per 100 kg). Dec 2,188-2,180, March 2,147-2,151, May 2,150 bid, July 2,155 bid, Sept 2,150 bid, Dec 2,165 bid, March 2,170 bid.

ALUMINIUM

Table with columns: Aluminium—Official, Unofficial. Rows show prices for different grades of aluminium.

WHEAT

Table with columns: Wheat—Official, Unofficial. Rows show prices for different grades of wheat.

WHEAT

Table with columns: Wheat—Official, Unofficial. Rows show prices for different grades of wheat.

EUROPEAN MARKETS

Rotterdam, October 18. Wheat—(100 kg per cental). U.S. two soft red winter Nov 158.50, Dec 158.75, Jan 160.50, Feb 161, March 161.50, Apr 162, May 162.50, Jun 163, Jul 172.50, Aug 174, Sep 176, Oct 178, Nov 180, Dec 182, Jan 184, Feb 186, Mar 188.50, Apr 190, May 192, Jun 194, Jul 196, Aug 198, Sep 200, Oct 202, Nov 204, Dec 206, Jan 208, Feb 210, Mar 212, Apr 214, May 216, Jun 218, Jul 220, Aug 222, Sep 224, Oct 226, Nov 228, Dec 230, Jan 232, Feb 234, Mar 236, Apr 238, May 240, Jun 242, Jul 244, Aug 246, Sep 248, Oct 250, Nov 252, Dec 254, Jan 256, Feb 258, Mar 260, Apr 262, May 264, Jun 266, Jul 268, Aug 270, Sep 272, Oct 274, Nov 276, Dec 278, Jan 280, Feb 282, Mar 284, Apr 286, May 288, Jun 290, Jul 292, Aug 294, Sep 296, Oct 298, Nov 300, Dec 302, Jan 304, Feb 306, Mar 308, Apr 310, May 312, Jun 314, Jul 316, Aug 318, Sep 320, Oct 322, Nov 324, Dec 326, Jan 328, Feb 330, Mar 332, Apr 334, May 336, Jun 338, Jul 340, Aug 342, Sep 344, Oct 346, Nov 348, Dec 350, Jan 352, Feb 354, Mar 356, Apr 358, May 360, Jun 362, Jul 364, Aug 366, Sep 368, Oct 370, Nov 372, Dec 374, Jan 376, Feb 378, Mar 380, Apr 382, May 384, Jun 386, Jul 388, Aug 390, Sep 392, Oct 394, Nov 396, Dec 398, Jan 400, Feb 402, Mar 404, Apr 406, May 408, Jun 410, Jul 412, Aug 414, Sep 416, Oct 418, Nov 420, Dec 422, Jan 424, Feb 426, Mar 428, Apr 430, May 432, Jun 434, Jul 436, Aug 438, Sep 440, Oct 442, Nov 444, Dec 446, Jan 448, Feb 450, Mar 452, Apr 454, May 456, Jun 458, Jul 460, Aug 462, Sep 464, Oct 466, Nov 468, Dec 470, Jan 472, Feb 474, Mar 476, Apr 478, May 480, Jun 482, Jul 484, Aug 486, Sep 488, Oct 490, Nov 492, Dec 494, Jan 496, Feb 498, Mar 500, Apr 502, May 504, Jun 506, Jul 508, Aug 510, Sep 512, Oct 514, Nov 516, Dec 518, Jan 520, Feb 522, Mar 524, Apr 526, May 528, Jun 530, Jul 532, Aug 534, Sep 536, Oct 538, Nov 540, Dec 542, Jan 544, Feb 546, Mar 548, Apr 550, May 552, Jun 554, Jul 556, Aug 558, Sep 560, Oct 562, Nov 564, Dec 566, Jan 568, Feb 570, Mar 572, Apr 574, May 576, Jun 578, Jul 580, Aug 582, Sep 584, Oct 586, Nov 588, Dec 590, Jan 592, Feb 594, Mar 596, Apr 598, May 600, Jun 602, Jul 604, Aug 606, Sep 608, Oct 610, Nov 612, Dec 614, Jan 616, Feb 618, Mar 620, Apr 622, May 624, Jun 626, Jul 628, Aug 630, Sep 632, Oct 634, Nov 636, Dec 638, Jan 640, Feb 642, Mar 644, Apr 646, May 648, Jun 650, Jul 652, Aug 654, Sep 656, Oct 658, Nov 660, Dec 662, Jan 664, Feb 666, Mar 668, Apr 670, May 672, Jun 674, Jul 676, Aug 678, Sep 680, Oct 682, Nov 684, Dec 686, Jan 688, Feb 690, Mar 692, Apr 694, May 696, Jun 698, Jul 700, Aug 702, Sep 704, Oct 706, Nov 708, Dec 710, Jan 712, Feb 714, Mar 716, Apr 718, May 720, Jun 722, Jul 724, Aug 726, Sep 728, Oct 730, Nov 732, Dec 734, Jan 736, Feb 738, Mar 740, Apr 742, May 744, Jun 746, Jul 748, Aug 750, Sep 752, Oct 754, Nov 756, Dec 758, Jan 760, Feb 762, Mar 764, Apr 766, May 768, Jun 770, Jul 772, Aug 774, Sep 776, Oct 778, Nov 780, Dec 782, Jan 784, Feb 786, Mar 788, Apr 790, May 792, Jun 794, Jul 796, Aug 798, Sep 800, Oct 802, Nov 804, Dec 806, Jan 808, Feb 810, Mar 812, Apr 814, May 816, Jun 818, Jul 820, Aug 822, Sep 824, Oct 826, Nov 828, Dec 830, Jan 832, Feb 834, Mar 836, Apr 838, May 840, Jun 842, Jul 844, Aug 846, Sep 848, Oct 850, Nov 852, Dec 854, Jan 856, Feb 858, Mar 860, Apr 862, May 864, Jun 866, Jul 868, Aug 870, Sep 872, Oct 874, Nov 876, Dec 878, Jan 880, Feb 882, Mar 884, Apr 886, May 888, Jun 890, Jul 892, Aug 894, Sep 896, Oct 898, Nov 900, Dec 902, Jan 904, Feb 906, Mar 908, Apr 910, May 912, Jun 914, Jul 916, Aug 918, Sep 920, Oct 922, Nov 924, Dec 926, Jan 928, Feb 930, Mar 932, Apr 934, May 936, Jun 938, Jul 940, Aug 942, Sep 944, Oct 946, Nov 948, Dec 950, Jan 952, Feb 954, Mar 956, Apr 958, May 960, Jun 962, Jul 964, Aug 966, Sep 968, Oct 970, Nov 972, Dec 974, Jan 976, Feb 978, Mar 980, Apr 982, May 984, Jun 986, Jul 988, Aug 990, Sep 992, Oct 994, Nov 996, Dec 998, Jan 1000.

ALUMINIUM

Table with columns: Aluminium—Official, Unofficial. Rows show prices for different grades of aluminium.

WHEAT

Table with columns: Wheat—Official, Unofficial. Rows show prices for different grades of wheat.

WHEAT

Table with columns: Wheat—Official, Unofficial. Rows show prices for different grades of wheat.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling continues to suffer

Sterling continued to suffer from lower oil prices and the threat of a complete shut down of the mines next week, it pit dealers carry out their strike threat.

The dollar was little changed overall, but trading was nervous because of fears about intervention by the Bundesbank.

New York banking was expected, and merely prevented any further decline by the dollar.

Softer trend

Sterling based contracts lost ground but finished above the day's lows in the London International Financial Futures Exchange yesterday.

STERLING EXCHANGE RATE INDEX

Table with columns: Time, Rate, Change. Includes entries for 8.30 am, 9.00 am, 10.00 am, 11.00 am, Noon, 1.00 pm, 2.00 pm, 3.00 pm, 4.00 pm.

FINANCIAL FUTURES

STERLING EXCHANGE RATE INDEX

Sterling continued to weaken, with the UK interest rates would not be pushed higher.

LONDON

Table with columns: Contract, Close, High, Low, Prev. Includes entries for Three-month Eurodollar, Dec, Mar, Jun, Sep.

CHICAGO

Table with columns: Contract, Close, High, Low, Prev. Includes entries for U.S. Treasury Bonds, Dec, Mar, Jun, Sep.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Unit, Rate, % change, % change from base, Divergence limit. Includes entries for Belgium, France, Germany, Italy, etc.

POUND SPOT—FORWARD AGAINST POUND

Table with columns: Day's spread, Close, One month, Three months, Six months. Includes entries for U.S. Dollar, Canadian, etc.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Table with columns: Day's spread, Close, One month, Three months, Six months. Includes entries for U.K., Ireland, etc.

OTHER CURRENCIES

Table with columns: Country, Rate, Note Rates. Includes entries for Argentina, Australia, etc.

CURRENCY MOVEMENTS

Table with columns: Country, Bank of England, Morgan Guaranty, etc. Includes entries for Sterling, U.S. Dollar, etc.

CURRENCY RATES

Table with columns: Country, Rate, Note Rates. Includes entries for Argentina, Australia, etc.

EXCHANGE CROSS RATES

Table with columns: Country, Rate, Note Rates. Includes entries for Pound Sterling, U.S. Dollar, etc.

EURO-CURRENCY INTEREST RATES

Table with columns: Term, Rate, Note Rates. Includes entries for Short term, 3 months, 6 months, 1 year.

MONEY MARKETS

UK rates firm on sterling weakness

Interest rates rose sharply in London yesterday in reaction to sterling's fall to record lows.

MONEY RATES

Table with columns: Term, Rate, Note Rates. Includes entries for Overnight, One month, etc.

LONDON MONEY RATES

Table with columns: Term, Rate, Note Rates. Includes entries for Overnight, One month, etc.

INTERBANK FIXING

Table with columns: Term, Rate, Note Rates. Includes entries for One month, Three months, etc.

MONEY RATES

Table with columns: Term, Rate, Note Rates. Includes entries for Prime rate, Treasury Bills, etc.

FT LONDON

Table with columns: Term, Rate, Note Rates. Includes entries for One month, Three months, etc.

EGGD Fixed Rate Export Finance Scheme

Table with columns: Term, Rate, Note Rates. Includes entries for One month, Three months, etc.

THE FIXING RATE

Table with columns: Term, Rate, Note Rates. Includes entries for One month, Three months, etc.

THE FIXING RATE

Table with columns: Term, Rate, Note Rates. Includes entries for One month, Three months, etc.

UK clearing banks' base lending rate

UK clearing banks' base lending rate 10 1/2 per cent (since August 20)

BASE RATES

Three-month interbank money was at 10 1/2 per cent

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INTERNATIONAL CAPITAL MARKETS

Warrants fuel new fixed-rate \$ issues

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

THREE fixed-rate dollar Euro-bonds, totalling \$300m, were launched yesterday as secondary market prices moved strongly ahead on the back of gains in the New York market.

Table with columns: WEEKLY U.S. BOND YIELDS (%), Oct 17, Oct 10, High, Low. Rows include Composite Corp. AA, Government, Long-term, Intermediate, Short-term, Municipal, Industrials AAA, Industrials AA, Preferred Stocks.

1982 at par. The issue price of the package including warrants was set at 103% and the deal traded yesterday at a discount of around 1% per cent compared with total fees of 1%.

while the bonds traded at a discount of 1% points, within the total fees of 1% per cent. Finally Swedish Export Credit launched a \$100m seven-year 12% per cent bond with warrants to buy a separate series of 12% per cent seven-year bonds.

\$50m balance from its £200m tap issue of floating rate notes brought to the market in August. D-Mark bonds were also firm yesterday with prices rising by about 4% points. The Inter-American Development Bank launched a DM 150m eight-year 7% per cent issue priced at 99% per cent through Commerzbank.

CREDITS

Greek agency and banks near accord on \$300m loan terms

BY OUR EUROMARKETS CORRESPONDENT IN LONDON

TERMS WERE being finalised last night in Athens on the long-awaited \$300m, eight-year credit for OTE, Greece's telecommunications agency.

Table: OTE Bank bond average. Columns: Oct. 18, 1984, Previous, Low. Values: 101.522, 101.485, 96.056.

ter. The current margins are split between 3/4 per cent and 1/2 per cent. Chase Manhattan said yesterday that the operation involved amendments to the existing loan agreement rather than a new facility.

Potential lead managers had been summoned to the Bank of Greece to thrash out final details of the credits, about half of which is to be raised in dollars with the balance split equally between sterling and European currency units.

Bankers said that Chemical Bank is expected to act as agent on the dollar portion of the credit, while Standard Chartered would be agent for the sterling and Ecu portions.

Enagas, the subsidiary of Spain's state energy holding company INH is seeking to refinance a \$100m, 10-year loan assembled through a group of banks led by Chase Manhattan in 1979.

\$50m facility for SKF

By Margaret Hughes in London

THE MANDATE for a seven-year \$50m revolving underwriting facility for SKF of Sweden, the world's largest manufacturer of ball bearings and roller bearings, has been awarded to Merrill Lynch Capital Markets and Svenska Handelsbanken.

Svenska International, the merchant banking subsidiary of Svenska Handelsbanken, is co-arranger of the facility and co-placing agent of any notes which may be issued.

OVER-THE-COUNTER

Continued from Page 36

Table with columns: Stock, Sales, High, Low, Last, Chng. Lists various stocks like ABC, DEF, GHI, etc.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for October 18.

Table with columns: U.S. DOLLAR STRAIGHTS, Issued, Bid, Offer, Day, Yield, etc. Lists various international bonds.

CONVERTIBLE BONDS

Table with columns: Conv. Bond, Bid, Offer, Day, Yield, etc. Lists convertible bonds.

APPOINTMENTS

Senior posts at Albright & Wilson

Mr H. T. Searle has been appointed managing director of ALBRIGHT AND WILSON detergent division from November 1. Mr F. M. Cassons has been appointed deputy managing director.

Mr Eric Atkins has been appointed joint managing director of CONTEMPORARY PERFUMERS. He was a founder member some 14 years ago.

Mr Peter Higgins, managing director of Mowebell Drywall Construction, Redditch, has been re-elected president of the DRY LINING AND PARTITION ASSOCIATION for 1984-85.

Mr W. "Bill" Ferris has been appointed managing director of NU-WAY. He was managing director of Serck Audco Valves, a BTR subsidiary.

BASE LENDING RATES

Table with columns: Bank Name, Rate. Lists various banks and their lending rates.

CONTRACTS

Racal wins £4.5m U.S. Navy order

A \$6.6m (£4.5m) contract to provide the U.S. Navy with precise positioning and data processing systems for mine countermeasures activities has been won by RACAL ELECTRONICS subsidiary Racal-Decca Survey Inc. It is for the supply, installation and commissioning of permanent and mobile Hyper-Fix shore-based transmitting stations by the end of September 1985.

TRW Ferranti Subsea

TRW FERRANTI SUBSEA has been awarded a contract to supply a subsea control system which will control two ball valves at the junction of the northern leg gas pipeline and the spur line from the Statfjord "B" platform.

British batteries

British batteries worth over £2m have been ordered by the Russian railway authority, USSR Railways, from MARATHON ALCAD. Redditch, which will supply several hundred nickel cadmium batteries for engine starting duties on diesel locomotives.

TECHNICAL

Table with columns: Stock, Sales, High, Low, Last, Chng. Lists various technical stocks.